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24 January 1985

NEAR EAST/SOUTH ASIA REPORT

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EFFECT OF ISLAM ON OIL POLICY REVIEWED

Paris GEOPOLITIQUE in French No 7, Fall 84 pp 88-89

[Article by Abdelkader Chanderli, ambassador, formerly in charge of Algerian petroleum: "Islam and Petroleum"]

[Text] The attempt to "associate" a religion and a natural resource in order to explain, if only in part, the problems of our time has recently become without doubt one of the strangest mixtures blithely developed by politicians and analysts who ought to know better. Of course, the energy crisis of the 70's, the fact that a majority of the petroleum producing, OPEC member countries are Arab-Moslem states, and that others, such as Iran, Nigeria or Indonesia, are also populated by Moslems, explain these hasty conclusions, which happen very conveniently to justify age-old obsessions, and that pathological need in the collective consciousness and subconsciousness of citizens who are above suspicion in the Western World to find a scapegoat already charged and condemned. This conviction, hammered home from infancy in elementary historical outlines, and in cartoons of an "Epinal" style, and confirmed by the teachings of the great university professors, bring together in fear, hatred, and in an undying racism the heroic champion of the Middle Ages and the ordinary Frenchman of today.

From Roncevaux to Poitiers, from the siege of Vienna to the Barbary pirates, from colonial conquests to the absurd battles which marked a harrowing decolonialization, one after the other the images come and tell the age-old tale of the Islamic peril, ever threatening Christian civilization and, recently, Judaism by attacking the Zionists of Israel...

And now, beyond the past and beyond history, by a seemingly blasphemous miracle, indispensable richness--and what it represents in potential power in economic and financial terms--is found in the hands of infidels!

Once again, faced with such a surprising situation, so foreign to what one hoped would last forever, one had to denounce the guilty ones. And what was more convenient and easy than to reawaken the old demons and to point at the green flag of Islam, believed banned forever, but now looming up out of Islam's arid deserts...dripping petroleum...

This petroleum which, according to many, is the origin of all the evils of contemporary society, and which plays a determining role in the strategy

and the future of the great nations, is mainly held by Moslems, hence by Islam! And then we enter into the realm of mathematics: the givens of the equation being arbitrarily fixed, the line of reasoning is perfectly logical. Petroleum and hydrocarbons are a very important, if not essential, element in industrial and technological development, for several decades to come in any case. These energy resources are to a considerable extent held by Islam. Therefore Islam is a key factor in the evolution of the world, both in the economic as well as the political fields. And this Islam seems to be stirring...Or rather, thanks to the petroleum crisis, it now happens to be noticed that Islam had previously been stirring without anyone's bothering about it. Hence, a multitude of works, studies, seminars, investigations, and research intended to apprehend this "new" phenomenon. Just imagine, people go so far as to consider that learning the Arabic language may be useful in business. Students of Islam, until recently forgotten in the dusty corners of universities, are becoming stars of the television screen. And from all sides opportunists for whom the day of glory finally had arrived--after having been so stupidly kept in the background for so long--suddenly came forward as old and great friends of Islam.

At the same time this revelation leads to reactions of rejection, to seeking a confrontation, and to charges and condemnations. A French prime minister pressed his analysis so far as to blame Islam for a strike action in a factory...

However, there is a positive element in these Machiavellian or narrow-minded confusions, according to the case. Actually, while the equation Islam = petroleum, is absurd and for us has something of willed, or congenital, ignorance about it, at least it has the merit, if that be needed, of confirming the role of petroleum in the world, but also and above all, of taking into consideration, in a global reaction, the part that can be and is already being played by that spectacular rebirth of a faith, a mystique, and a philosophy whose dynamism and occasional violence are obviously a new factor in the equilibrium of the forces confronting each other in the world. Once again, it is time to disassociate Islam and petroleum without a moment's hesitation. Each one plays and will play a role in the affairs of men, yet there is no cause and effect relationship and it is impossible reasonably to justify or explain the actions of one by the other.

Not so long ago Henry Kissinger had the idea of countering the power of Arab-Moslem petroleum producers, who had decreed an embargo on hydrocarbons, ["hydrocarbures"] with an embargo on "green petroleum", an equally essential food resource widely held by the Western powers. The petroleum embargo very quickly fell through and the one on grains never had any effect. There is an undeniable interdependence of nations which halts or impedes steps that are practically impossible to implement. What has happened to the boycott of South Africa or the sale of grain to the Soviet Union?

On the other hand, and in more meaningful terms, the unrest in contemporary Islam is a singularly extensive phenomenon and we are not only referring to the fundamentalist movements, which are mere ups and downs, whatever the specialists may think who are thriving on them. The unrest reflects

a sometimes aggravated intention to search for new values, to seek another way of living; it expresses the sometimes desperate appeal of multitudes disappointed and sometimes betrayed by the civilizations dominating the world today. Finally, it expresses a return to mysticism, to a faith, to a kind of intellectual and moral comfort which modern society has brutally eradicated from the social fabric, without however, replacing it with a new conscience, a new confidence, and above all, a new hope.

Petroleum has nothing to do with that spontaneous surge which has rocked a large part of the international community, which chooses to reject, sometimes unreasonably, the forms of a civilization which estranges it by the intolerable arrogance of its culture and its faith.

However, while faith, that profound force which has dominated and inspired the minds of men for thousands of years, tends to become marginal in Western societies, in Islam it has maintained its strength for well-known reasons connected with history, geography, and economy, and also with scientific and technological development. The faith which "moves mountains" has remained strangely steadfast in Islam lands.

This shows that if it were necessary to ponder the long term strategies which should govern the organization and management of future societies. It would be advisable without delay to comprehend contemporary Islam better and associate it with the building of a new world in which it has been able, despite all obstacles, despite the dominations and the humiliations, and perhaps because of a long lethargy, to maintain a vigor worthy of that brilliant past which history, taught to children of the West, had carefully and deliberately obliterate.

Finally, and above all, it would be necessary to renounce misleading amalgamations, and to consider petroleum for what it is: a product that is found just about everywhere and not only among the Arabs, who make use of it, moreover, in ways that serve their interests rather little and rather badly. Induce Islam to participate in the joint re-thinking and to share in responsibility by bringing to the community its own values, whose principal one, so little honored in the West, is perhaps the only one which will serve tomorrow in founding a better world: tolerance.

9772

CSO: 4519/51

BOMB EXPLODES BEFORE ANNIVERSARY CEREMONIES

Soviet Armenia Anniversary Observance Postponed

Istanbul MARMARA in Armenian 26 Nov 84 pp 1,4

[Text] Six people were wounded, five of them critically, as a result of a major bomb explosion that went off yesterday evening at the entrance of the famous Plaillelle music hall in Paris. The explosion occurred two hours before an Armenian cultural event was due to start at the hall. The event has been postponed.

The event scheduled for that night was a ceremony sponsored by the Hunchak Social Democratic Party to mark the anniversary of the establishment of the Soviet Armenian republic on 29 November 1920. The Soviet Armenian folklore dance ensemble was also scheduled to perform at the event. Approximately 2,000 people were expected to attend the ceremony. The folklore ensemble was still rehearsing inside when a bomb placed at the entrance of the hall by unidentified persons exploded causing mayhem in the entire area. The explosion left a one-meter-deep crater. The Armenian event was immediately postponed and the authorities acknowledged that the bomb would have caused a major disaster had it exploded two hours later when the guests were arriving.

It was disclosed that the said Armenian event was not an official ceremony and that the main official ceremony would take place a few days later at the Grand Hotel in Paris.

Michel Kashkashian, the chairman of the commission which organized the event and which is made up of representatives from various Armenian cultural bodies, spoke on Channel 1 of French television and called for an end to inter-Armenian conflicts. Observers in Paris concluded from Kashkashian's remarks that the bomb was the result of conflicts and rivalries among Armenians. As is known, the Hunchak Social Democratic Party supports Soviet Armenia and is satisfied with Soviet Armenia as a homeland. It is therefore believed that the bomb was placed by Dashnak [Armenian Revolutionary Federation] circles.

That view was not shared, however, by Armenian National Movement leader Ara Toranian who charged on French television last night that the bomb may have been planted by the Turks.

French, Turkish Media Reaction

Istanbul MARMARA in Armenian 27 Nov 84 p 1

[Text] The French press and television widely reported the bomb explosion that occurred at the entrance of Plaillette Hall shortly before a cultural event was due to start on the occasion of the anniversary of the establishment of the Soviet Armenian republic. The issue of who had placed the bomb--members of the Dashnak party or the Turks--was extensively debated in both the press and the television. The incident was once again used by French television to replay stories about historical events between Armenians and Turks and to contend that "the Turks and the Armenians have been fighting bloody battles on French soil for several generations."

As we reported yesterday, Michel Kashkashian, one of the organizers of the observance ceremony, said in a statement after the incident that the infighting among Armenians must be ended. Kashkashian is a sympathizer of the Hunchak Social Democratic Party and the observance ceremony was also sponsored by that party.

The Istanbul GUNES reports the incident in its today's edition under the headline "Armenian Gangs Cannot Divide Up Their Imaginary Armenia Among Themselves" and explains the differences of view between the two principal Armenian parties. The Hunchak Social Democratic Party sympathizes with and supports the Soviet Armenian republic and appears to be content with Soviet Armenia as a homeland. The Dashnak party, however, is not satisfied with Soviet Armenia and its system of government and wants to take over Turkey's eastern provinces. These two parties have been active since the turn of the century.

Channel 2 of French television took its usual stance on this occasion too. Although it did report that the bomb explosion was the result of rivalries among Armenians, it added that Armenians have been fighting bloody battles with the Turks on French soil for several generations.

Kevork Sarian, another organizer of the previous day's scheduled event, said in a statement immediately after the bomb incident:

"I personally would like to believe that the bomb was not placed by another Armenian organization. If it was placed by Armenians, those individuals do not deserve to be called Armenians."

Six Armenians were wounded by the explosion and the condition of one of them remains critical. It is reported that this event has been held for the past 30 years in the same hall, on the same date and at the same time. About 2,000 tickets had been sold for the event.

An Armenian named Iona, who was slightly wounded in her head by the explosion, said that shortly before the explosion three policemen and one policewoman ran into the hall shouting "There is a bomb in the hall" and disappeared soon after.

Armenian National Movement leader Ara Toranian yesterday called on all Armenians to march on the Turkish embassy today. Channel 2 of French television said that a new round of battles has begun between Turks and Armenians in France. Several French newspapers contended that the bomb was an act of revenge by the Turks against the Armenians. Meanwhile, Turkish Ambassador in Paris Adnan Bulak said that he will not give any explanations. He said:

"The explanation must be given by those who organized the incident. We have nothing to explain. I believe that they tried to draw attention to this ceremony which was organized immediately after the murder incident in Vienna and which failed to attract an audience and that they collaborated with their own terrorists to make the media talk about themselves. The aim of this attack is to prepare grounds for another attack [against Turks]."

9588

CSO: 4605/46

BELGIAN POLICE SUSPECT ARMENIAN COMPLICITY IN BOMBING ATTEMPT

Istanbul MARMARA in Armenian 13 Dec 84 p 1

[Text] Police in Brussels has still not solved the mystery of the bomb found two days ago in front of Turkish Ambassador Selcuk Incesu's residence. Armenian complicity is suspected, and police authorities believe that the bomb was timed to explode at the moment Ambassador Incesu would come out of his home. While no Armenian organization has claimed responsibility for the incident so far, it is believed that that is because the assassination attempt failed: The terrorist do not want to acknowledge their ineptness.

Meanwhile, it is also noted that a Pakistani and two Greek diplomats also lived in the same building. This fact is also taken into account in the investigation of the incident.

In any event, the police have begun questioning a number of Armenians who are known in Belgium as ASALA [Armenian Secret Army for the Liberation of Armenia] activists and who were also questioned in July last year in connection with the assassination of Turkish military attache Dursun Aksoy who was killed about a hundred meters away from the incident of two days ago.

The investigation has so far revealed that the bomb found in front of the Turkish ambassador's residence is completely different from the bombs planted on NATO fuel pipes. The bomb that was found in front of the ambassador's residence is generally similar to bombs used in Lebanon which can be remotely exploded by radio and which can destroy two to eight buildings. The authorities believe that had the bomb exploded at the moment the ambassador was leaving his residence he would not survive and that even the child care center across from the residence building would be damaged. This statement by the police has caused broad reaction.

Several Belgian papers have reported that four of the Armenians questioned by the police are under custody and that their questioning is continuing.

9588

CSO: 4605/47

GREEK PERIODICAL RECOMMENDS COOPERATION WITH ASALA IN CYPRUS

Istanbul MARMARA in Armenian 10 Dec 84 pp 1,4

[Text] The Greek periodical AFTODIASIS has suggested that Armenians and Greeks are in close collaboration and that ASALA [Armenian Secret Army for the Liberation of Armenia] is the only organization that can pressure Turkey. The periodical states that ASALA can set an example for Greek Cypriots.

In an article entitled "Enosis [Cyprus' union with Greece] is the only solution; Greek soldiers must be sent to Cyprus," the periodical calls on Greeks to frustrate UN Secretary General Perez de Cuellar's efforts on Cyprus and to declare a war of independence.

In another article, the periodical criticizes the following statement by Greek government spokesman Khristofidhis: "While we have been disappointed in the past, we continue to believe that the United States is the principal country that can exert any influence on Turkey. We will try to make the United States move in this direction." The periodical states that these remarks are nothing but talk and adds:

"Outside Greece, the strongest pressure on the Turks can be exerted by the Armenians and separatist groups. Because they can pressure Turkey not just by words but by action. The time has come for the Greek government to send ambassadors to ASALA headquarters because ASALA is the only group that can pressure Turkey by arms. We must also collaborate with Dev-Yol [Revolutionary Path]."

The periodical also proposes that the Greek Ministry of Culture organize a Greek-Armenian-Kurdish-Irish friendship fair.

9588

CSO: 4605/48

MUBARAK HEADS NDP MEETING AFTER FRENCH, GERMAN VISIT

Cairo MAYU in Arabic 29 Oct 84 p 3

[Article: "NDP Politburo Under President Mubarak's Chairmanship Begins First Meeting Upon President's Return From His Visit to France and Germany"]

[Text] The NDP politburo, headed by President Muhammad Husni Mubarak, has been formed of 13 members who are: Kamal Hasan 'Ali, Dr Mustafa Khalil, Dr Rif'at al-Muhjub, Dr Muhammad Subhi 'Abd-al-Hakim, Dr Mustafa Kamal Hilmi, Fikri Mukram 'Ubayd, Dr 'Ismat 'Abd-al-Majid, Dr Amal 'Uthman, Safwat al-Sharif, Hasan Abu Pasha, Dr Yusuf Wali, Kamal Henry Abadir and Dr Ahmad Haykal.

Dr Subhi 'Abd-al-Hakim was appointed NDP secretary general and Drs Yusuf Wali and Hilmi al-Hadidi, NDP assistant secretaries general.

Dr Subhi 'Abd-al-Hakim had been serving as acting secretary general since the death of Dr Fu'ad Muhyi-al-Din. He also holds the position of president of the Shura Council and of the Higher Press Council.

Who Are These Members?

Kamal Hasan 'Ali, Prime Minister: Graduated from the War College in October 1942. Participated in the Palestine war. Studied at the Armored School in England and went to Russia for a brigade and division commanders course. Participated in the 1967 war.

On 5 October 1978, he was appointed minister of defense and war production and reappointed on 20 July 1979. On 15 October 1981, he was appointed deputy Prime Minister and, on 5 June 1984, acting prime minister.

Dr Mustafa Khalil: graduated from the College of Engineering 1941 and received his MA and Ph.D. from the American University of Illinois. He turned down a teaching position at Illinois University, preferring to serve his country. He was elected to the National Assembly in 1958 and held the post of deputy prime minister for industry, oil and mineral resources in 1966. In 1975, he was elected secretary of the professionals in the [Arab Socialist Union and, in 1976, first secretary of the Socialist Union. On 5 October 1978, he was appointed prime minister and, on 22 January

1979, NDP politburo member. On 16 May 1980, he was appointed NDP deputy chief and foreign contacts officer and, on 1 October 1981, party deputy chief for foreign affairs.

Dr Rif'at Mahjub, People's Assembly President:

-Received his Ph.D. in economics from the Sorbonne University in 1953.

-Received the state's promotional award in economics 1964.

-Appointed a member of the Socialist Union's executive office in Cairo, then secretary of Islamic Call and the Thought. He was assigned as first secretary of the Socialist Union and held the positions of central committee secretary and Higher Press Council president.

-He received the Medal of the Republic, first class, 1976, and the government award of appreciation in 1980.

-He joined the NDP 25 January 1981.

-In 1984, he headed Egypt's delegation to the [European] parliamentary conference in Geneva.

-Received the Order of the Nile.

Dr Subhi 'Abd-al-Hakim, NDP secretary general, president of the Shura Council and president of the Higher Press Council:

-From 1972 to 1974, held the position of assistant secretary general for youth in the Socialist Union; member of the NDP secretariat and politburo member since 1980; and chairman of the NDP's ideological committee. He supervised formulating the party's ideology.

--Assumed the position of NDP assistant secretary general and party charge d'affaires since June, 1984.

-Was elected president of the Shura Council 1 February 1980.

Dr Mustafa Kamal Hilmi, deputy prime minister and minister of higher education.

-From 1961 to 1971, was secretary general of the Higher Collegiate Council and undersecretary for higher education.

-Was Egypt's permanent representative, with the rank of ambassador, to UNESCO.

-Minister of education, then minister of higher education and scientific research and UNESCO advisor in Paris.

Fikri Makram 'Ubayd:

-People's Assembly member and secretary of the NDP's interim constituent committee in August, 1977; then NDP secretary general, politburo member and secretary general in 1979; and president of the NDP's permanent council in May, 1980.

Dr 'Ismat 'Abd-al-Majid, minister of foreign affairs:

-Has a Ph.D. in international law from Paris University.

-On 30 March 1970, he was appointed member of the citizens' committee for the battle and minister of state in Dr Mahmud Fawzi's cabinet; then Egypt's UN permanent representative. On 15 May 1971, he was appointed minister of state for cabinet affairs.

-On 8 July 1971, he oversaw the cabinet committee for liquidation of sequestration.

-Appointed Egypt's permanent representative to the UN, president of the African group in the UNGA's sessions and head of Egypt's delegation to the NAM meetings in Colombo, 1979.

Dr Amal 'Uthman, minister of state for insurance and social affairs:

-Assistant secretary in the central committee in November, 1974. Appointed People's Assembly member in February, 1977 and chairman of the higher committee for social defense, April, 1977.

-Won People's Assembly election unopposed for the Qasr al-Nil district, May, 1979.

-[Appointed] NDP politburo member on 22 November 1979 and member of the president's advisory staff and politburo member on 30 September 1981.

Muhammad Safwat al-Sharif, minister of information:

-Specialized studies in information and public opinion at the Strategic Sciences Institute.

-Appointed chief of the information agency October, 1978, and a member of the press organization committee, August, 1979.

-NDP constituent committee member and elected Qasr al-Nil district committee member and district secretary; and the NDP's information committee rapporteur.

-Appointed president of the council of TV and radio federation secretaries on 2 June 1980, minister of state for information, January, 1981, and minister of information, 1982.

Maj Gen Hasan Abu Pasha, minister of local government:

Has a law degree from Cairo University and the Police College and a diploma from the Police Academy.

-Held the position of first assistant to the interior minister and chief of State Security Investigations [GSSI].

-Appointed minister of the interior 4 January 1982.

-People's Assembly member and chairman of the Giza parliamentary group.

Dr Yusuf Wali, minister of agriculture and food security:

-Doctorate degree from Cairo University, 1950. Has conducted over 60 scientific studies in the field of agriculture and worked as technical advisor for the land reclamation sector.

-Appointed minister of agriculture and mineral resources on 1 September 1982.

-In charge of the youth movement since 1955.

Kamal Henry Abadir, chairman of the defense committee and national secretary of the People's Assembly:

-State Council member and representative of the national defense committee on 23 March 1964; Socialist Union executive office member in the Cairo Governorate and governorate organization official; member of the Socialist Union national conference; and member of the central committee and member of the State Council for Cairo.

-Minister of communications in Dr Fawzi's cabinet in 1970.

-Chairman of the defense and national security committee in the [Egyptian-Sudanese] Nile Valley Parliament.

Dr Ahmad Haykal, president of Cairo University and chairman of the People's Assembly education committee:

-Received his Ph.D. in humanities from Madrid University, 1954. Worked as cultural counselor in Spain in 1973, and member of the Arab League's advisory committee for cultural programs. Received the Order of Merit from the King of Spain.

-Member of the national council for culture, the higher council for Islamic affairs and the Islamic Call's higher committee. Rapporteur of the higher council's poetry committee and member of the writer's guild.

Dr Hilmi al-Hadidi, professor at Qasr al-'Ayni medical school:

-Chairman of the education and scientific research committee of the previous People's Assembly.

-Secretary general of the Egyptian orthopedic surgery association and member of the dermatologists union council for Cairo in 1971. Participated in the Arab doctors' union.

-Participated in the doctors' union committee in September, 1970, in Jordan; and member of the international American, French, Turkish and Spanish orthopedic surgery college.

12502

CSO: 4504/96

RELATIONSHIP WITH UNITED STATES SEEN AS HARMFUL TO ECONOMY

Cairo AL-AHALI in Arabic 7 Nov 84 p 3

[Article by Misbah Qutub: "Dollar Rules Egypt; Special Relationship With United States Prevents Taking Advantage of Declining Prices of Foreign Currencies"]

[Text] "God, to You I plead my weakness, my powerlessness and my humiliation before the people."

This is currently the plea of the Egyptian pound, which has been humiliated after dignity and has declined after glory. Until December 1973, a pound was equal to more than 2 dollars. Within 13 years, it has declined by such a decree that 2 dollars are equal to 3 pounds. The deterioration continues.

Before the issue is abridged and turned into the issue of the stay or departure of the minister of economy;

Before the money changers and delinquent bankers are released on bail (thus turning into good citizens) after they pay the taxes they owe and repay the loans they have borrowed from the banks and despite the fiery speech of the assistant socialist prosecutor;

The crux of the issue must be made clear.

What has happened to the Egyptian economy in recent years?

Where have the millions of dollars remitted by Egyptians working abroad gone?

How have we reached the phase of flying the economic flag--the pound--at half mast and how has the dollar come to rule Egypt?

What is the role of the merchants, smugglers and banks in sabotaging the economy?

How long will economic decisionmaking continue to be an eye in heaven understanding the drawbacks of the system of importation without money remittance and of the law of foreign currency acquisition and an eye in hell giving the merchants and the thief a thousand times more consideration than the people?

How does all this reflect on the ordinary citizen's life and necessities?

What are the legal gaps that must be blocked to confront the smuggling and the money trade and to bolster the Central Bank's authority in establishing control over the banks?

Come, let us investigate the recession, the bottlenecks, the costs of securing [foreign] currency and so forth.

It Happened in Banking Street

In accordance with information supplied by the Currency Crimes Control Bureau of the Ministry of Interior, the financial and commercial affairs prosecution [office] is examining the cases of the most famous 54 money changers, led by Sami 'Ali Hasan. However, it is noticed that:

Various groups have embarked on this business [money changing]. It is no longer confined to the semi-employed and the owners of booths. There are also the veterinary student in Cairo, the owners of import-export firms, the car dealers, the dentists, the owners of travel agencies, the engineers, the green grocers, the goldsmiths, the souvenir merchants, the laundry shops and the grocers.

Seventy percent of these people have already been arrested in previous cases, such as M.H.A. who is well known as Mahmud Sultan.

Most money changers are stationed in 'Adli, 'Urabi, Tharwat and Qasr al-Nil streets in Cairo. It is easy for any man to hear a middleman whispering: Dollar, dollar. If a man with dollars wishes to exchange them, the middleman takes him to a booth, a bazaar or an office where the exchange is made, with the middleman getting a commission of 1 percent from both the seller and the buyer.

In the provinces, this business is located in two main streets: The commercial street (al-Khan Street in Tanta, for example) and the goldsmiths street.

Simple

We conclude from this that the money changer is a person who is well known to all, including the security agencies. But the problem is that under the existing system, money changing is an inevitability due to the lenient penalty imposed. According to article 14 (of law No 66 of 1980), this penalty is: a jail term of no less than 1 month and a fine of no less than 200 pounds and no more than 1,000 pounds or one of the two penalties.

In accordance with the law, a criminal prosecution may not be sought in crimes committed in violation of the law regulating transactions in foreign currency--smuggling and money changing--except at the request of the minister concerned, i.e., the minister of economy, or whomever he deputizes.

In the year when parasitism surfaced again, 32 defendants were convicted in case No 238 concerning the smuggling of funds. The prosecution then received instructions from the minister concerned withdrawing the permit and being content with confiscating the monies. The prosecution was later instructed to return the monies to their owners. After all this, one should not wonder how \$2.5 billion were smuggled in 1.5 years recently. Only one or two cases of the 45 smuggling cases discovered monthly at the ports and the airports are prosecuted. In the other cases, the authorities are content with confiscating the money and repealing the permit [to prosecute].

Where Does This Dollar Go?

In 1945, Egypt joined the IMF. In 1947, Egypt withdrew from the [Pound] Sterling Organization and the link between the Egyptian pound and the dollar developed gradually. What is surprising is that the price of the Egyptian pound in dollars did not change much from 1949 to 1972 (from \$2.87 to \$2.20). The deficit in the trade balance--the difference between imports and exports--amounted in 1952 to \$64 million, which dropped to \$30 million in 1959 and rose to 3.8 billion pounds in 1981-82.

It is noticed that currency smuggling activities and transactions were very limited in the 1960's, were confined to the briefcase trade and to foreigners and centered in Cairo and Beirut.

With the issuance of a presidential decree in law No 137 of 1974 and then law No 137 of 1974 [as published]--both of which concern imports and exports and expand the private sector's import powers--money changing flourished in Egypt and culminated with the issuance of law No 97 of 1976 which permitted individuals and legal status persons to possess foreign currency.

From whom and for what does the merchant buy the dollar for 135 piasters?

The main source for the currency market is the remittances of the Egyptians working abroad, estimated by some at \$10 billion annually. From 1978 to 1982-83, only a sum of \$10.2 billion, or 20 percent of the total remittances of the Egyptians working abroad, has been remitted through the official channel, with the rest going for the direct importation of manufactured goods, such as refrigerators and cars, and for dollars sold in the black market and ultimately flowing in three directions:

To merchants who secure a high margin of profit, regardless of the currency prices. Ultimately, the cost of foreign currencies is incurred by the consumer because the price of goods is raised as a result of the high cost of the imports.

To the drug dealers who are truly big spenders and who are not disappointed to often find the dollar price amounting to 150 piasters. The minister of economy has declared that these dealers need \$75-\$100 million annually. We refer this minister, and the minister of interior along with him, to a report published in AL-JUMHURIYAH on 3 November 1983 saying that the cost of the drugs smuggled to Egypt is estimated at \$1.5 billion annually.

The third direction is that of smuggling currency outside the country, either out of fear or in search of higher profits. Then comes the city.

So-Called Free

First, there is a point which Port Said shares with other Egyptian cities in the sphere of the currency business, namely the acquisition of credit facilities--i.e., loans in local currency on soft terms--without any note-worthy collateral. These loans are then used in speculation in the currency market. We should note that what has touched off the banks issue in Egypt is not, regrettably, the three departments controlling the foreign currency transactions, namely the Ministry of Economy, the Central Bank and the Central Bank's Department for Control Over the Banks, but a report by the owner of the Jamal Trust Bank to the prosecution that he had at his bank on 4 January 1984 checks totaling in value 2 million pounds payable to Sami 'Ali Hasan, the most famous money merchant. It was afterwards that the currency and banking scandals came to light in succession.

In Port Said, the dollar price has now reached 150 piasters. Because Port Said is not subject to decree No 119 or others, this price has been reflected on the prices of food and clothing, with some of these goods becoming more expensive than they are in Cairo.

Free Scandal

There is another financial scandal in Port Said, with the hero this time the millionaire known as Abu al-'Aynayn. Through insurance bills of exchange, this man obtained loans in millions from the National Development Bank--Tharwat Branch and al-Azhar Branch--from the National Bank in al-Mahallah and Port Said and from the Suez Canal Bank and General Societe Bank. The bonds are in the names of well-known persons, such as al-Sayyid al-'Arabi Abu Sir, 'Imad Ibrahim Amin and Hasan Mahmud al-Sayyid al-Basyuni. What is surprising is that even though the bonds dictate either payment or prosecution in the courts, their payment is often postponed because, of all people, subpoena officers cannot find the addresses of the abovementioned persons.

What is amazing is that the police have arrested political strugglers dozens of times but have not been able to find a single smuggler in that city. The reason is perhaps the family relations existing between the executive, local and police leaders, the Chamber of Commerce and the merchants and smugglers. It is because of this relationship that Port Said has not offered Egypt a single dollar, as it was expected to do in its capacity as a free industrial zone. Rather, Port Said has begun importing dollars from Cairo and Alexandria.

In Port Said, there are 22 merchants who control the city's fates. What is interesting is that these merchants are safe from any fluctuations. They use the bank's monies, not their own, in their trade. Even if a totally day comes, they will follow the example of their colleague, investor 'Addas al-Munyum, who fled the country with 24 million pounds. The manager of the losing bank, the National Bank in Port Said, has been promoted to the position of general manager in Societe Bank.

But the worst I have heard concerns the fact that the merchants spy on each other's assets to be able to speculate on what dollars they possess in the black market.

Trio

The government is now in an extremely critical position. The national economy can no longer withstand the humiliation to which it is subjected by the parasites and the speculators. This forces the government to embark on a number of inevitable reform steps. However, this is being done within the framework of conciliatory (or concocted solutions between the public interest and the interests of the parasites in the government and outside it. The two interests, they should know, are like two parallel lines that never meet.

Following are some important questions presented to and answered by three sources: Dr Mustafa al-Sa'id (minister), Dr Jawdah 'Abd-al-Khaliq, economics professor at Cairo University's School of Economics and member of the Grouping Party's economic team (an economist), and Dr Sayyid 'Abd-al-Mawla, law professor at Cairo University's Law College (lawyer).

[Question] Has importation without money remittance--a system which no Egyptian economist has defended--become a fate from which we cannot break away?

[Minister] When this system developed in the late 1960's, the volume of imports according to this system was small because of the weakness of the private industrial sector. The system was established to secure this sector's needs. With the expansion of the private sector and the increased flow of foreign currencies, imports according to this system grew to reach \$1.5 billion. This is a big volume when compared with the volume of the foreign currencies free market which is estimated at \$3-\$3.5 billion. The wisdom behind this system is that the state is aware of the need to import a number of commodities but is not committed to securing the foreign currency for these imports. The state thus permits importation while letting the importer secure the foreign currencies. This system has its well-known drawbacks. Because you consider importation allowed and permitted legally, then you must expect the importer to look for foreign currencies with others. It is also inevitable that a group of individuals would emerge to gather the currencies and offer them to the importers. Consequently, the money-changing business appears by necessity. This business and this system of importation are inseparable twins. There can be no importation without money remittance if there is no money-changing business, it has been monopolized by a small group in the market. This is a controlling group. But also with the growth of this market, there had to be credit to finance their operations. Thus, a sort of solidarity and alliance developed between the money changers and the banking apparatus. Considering that the money-changing business incorporates some illegal and illicit aspects, it was natural for these illegal transactions to be transmitted to the banks, hence the delinquency, the lack of discipline and the forcing of the banking apparatus to commit violations.

To commit the violations, the banking apparatus has to get the price for such a violation. If we can streamline this importation and can secure the financing necessary through the banks and through a number of accredited money changers, we will have made a long stride in eliminating importation without money remittance, in eliminating the money changers' control of the currency and in eliminating speculation. This is what must be done.

[Question] Who must, if it is not the Ministry of Economy? And what is the obstacle?

[Minister] It is unimaginable to abolish this system all at once and before the resources to finance the requirements are secured, else the Egyptian market will experience bottlenecks. Initial steps were taken when we allowed the banking system to buy and sell in the currency market (112 piasters [per dollar]). Moreover, the issue requires structural reforms in the Egyptian economy and requires that arrangements be made to establish control over the banking apparatus and to strengthen the Central Bank.

[Dr Jawdah] The system of importation without money remittance is not a law and it can be changed with a decree by the minister of economy. If the minister feels that he does not have the powers or the capabilities, as a result of certain pressures, to amend this system, then his national conscience should dictate to him that he make this known to the public and then resign without using the pretext that abolishing this system will create bottlenecks in the market. The harm resulting [from such bottlenecks] is lighter than the existing harm. This constant deterioration in the value of the national currency is enough. I defy the minister of economy to show me figures proving that the system of importation without money remittance has helped secure the Egyptian people's essential consumption needs in which the margin of interest is limited. A merchant who buys the dollar for 135 piasters needs goods that yield a higher profit. Therefore, the bottlenecks, should they develop, will be in the commercial activity only, not in the production activities.

[Lawyer Sayyid 'Abd-al-Mawla] The problem in the system of importation without money remittance is that it was not subjected from the outset to a determination of the goods permitted to be imported to serve the production process. Second, it is not a system governed by a certain philosophy. Frankly, we either adopt the logic of the totally guided economy or the logic of the free economy, without all this mixture.

[Question] Is the price of 112 piasters per dollar a proper price? What is the yield of this process at present?

[Minister al-Sa'id] We cannot always say that this or that price is a balanced price because the market contains a degree of speculation. The yield of this system ranges from \$5-\$7 million weekly.

[Economist Jawdah 'Abd-al-Khaliq] I said since the first moment that the minister was embarking on a losing race because the black market price is always ahead. When speaking of the proper price, we must not be diverted

from the price of the national currency, which is the symbol of sovereignty. Speaking of strengthening this currency is exactly the same as speaking of the evacuation of the Israelis from Taba.

The deterioration in the value of the pound always squeezes the toiling classes in the interest of the parasitic classes.

Why Possession?

The law professor goes beyond the issue of the proper and improper price to say:

Those who legislated law No 97 which permitted the possession of [foreign] currency but not dealing in it did not have the ability to officially permit dealing in foreign currency because this would have led to the collapse of many of the mainstays of the then existing economy. Those legislators forgot to ask themselves:

Why should a man possess foreign currency if he is not going to deal in it outside the banks? Moreover, there are firms that pay their workers' wages in foreign currency. Is this not a form of incriminated dealing, not possession? There is also the partnership in foreign firms with foreign currency purchased inside the country, even though the owners claim that it is remitted.

All Third World countries adopt the system of control over money changing so as to streamline the use of the foreign currency available to them, which is small in volume.

[Question] We have begun to hear about a new measure, namely a bonus for securing foreign currency for the public sector. What is the story and is this not a part of the subsidy calculated as subsidy to the people?

[Minister al-Sa'id] The circle responsible for securing foreign currency for the public sector is the commercial banks convention in which the four public sector banks participate. The official price in this convention is 84 piasters per dollar. With the rise of the [dollar] price in the market, the banks have been compelled to raise their purchase price in order to secure the public sector's needs. They have added the difference, called procurement bonus, to the cost of the party demanding the currency. The bank here is just a middleman.

[Question] How much has this cost?

[Minister al-Sa'id]....

[Dr Jawdah] The current procurement bonus must be called by its real name, i.e., a black market bonus. There is no such mythical effort exerted as to merit a bonus amounting to 50 percent. If the state is incapable of fighting the money-changing business which has led to this situation, then let it declare this fact to the people and they may have other means and measures. It is unreasonable to reach this situation at a time when numerous sources

have developed in Egypt for the first time to obtain foreign currency. At least, it cannot be said that there is a scarcity of such currency in comparison with the 1970-75 period.

[Dr Sayyid] The currency procurement costs are a polite name for raising the price to the black market level. The socialist societies also suffer from a shortage of foreign currencies. But the essential consumer and capital goods are guaranteed in terms of both price and marketing. But here, we have left it to the market to determine the price for all.

[Question] As part of the attempts of the 1960's to stabilize the exchange price, there were recessionary acts carried out through reducing the commercial credit and increasing the reserves. But today the word "recession" has become a "bogey." Why?

[Minister al-Sa'id] The scientific definition of the word recession is the presence of all or part of three conditions:

If the national economy fails to grow by the population growth rate. We have a growth rate of 7 percent in the first and of 2.7 percent in the second.

If unemployment rises. We do not have unemployment but rather suffer from a manpower shortage in some sectors.

If the volume of stored goods increases.

But what has happened in our country is that there has been greater growth of commercial credit than necessary. We have exerted efforts to curtail this growth. We are also exerting efforts to narrow the gap between the national production growth rate (7 percent) and the money growth rate which we have reduced from 44 percent in 1978 to 20 percent in order to reduce the recessionary pressures. This is why we are expanding, but within limits. We cannot adopt a recessionary policy that wastes society's opportunity to expand. There is a difference between a rash policy and a rational policy.

AL-AHALI (comment): In reply to the three points concerning recession, we should note that the income growth rate in Egypt is distorted because of the flaw existing between the commodity and service sectors. A study by the Ministry of Economy has estimated the unsaleable store in the public sector alone at 950 million pounds. If we have no unemployment, then why is thought being given to abolishing the [Ministry of] Manpower?

[Dr Jawdah] The minister of economy is the minister of all Egyptians and he has the constitutional and moral obligation to adopt whatever measures are necessary to protect the various factions of the Egyptian people because he is not the minister of the merchants. The insistence that the adoption of such measures leads to recessionary manifestations is tantamount in fact to giving priority to the merchants' interests over the interests of the crushed classes because the recession in this case will be in the commercial and contracting activity only whereas the wheel of activity will continue to turn

undisturbed in the public sector and in agriculture. The absence of measures means the absence of a policy and the absence of a policy means that there is no problem insofar as the minister is concerned. If the decline of the pound, which is a mirror of the economy, and the smuggling of \$3.5 billion do not concern the government, then will the minister be kind enough and tell us what the problem is.

[Question] Gentlemen, the foreign currency made available to Egypt since 1975 has been enough to change the face of life in Egypt. Where have the monies of the Egyptians working abroad gone?

[Minister] The estimates on these monies vary. These monies have been used to finance imports, pilgrimage, travel outside the country, the needs of Port Said as a free city, the needs of the investment companies, deposits in foreign currency, in addition to the manufactured goods those working abroad bring with them. As for smuggling, there is a difference between smuggling and exporting money, which is permissible if one is under the supervision of the Central Bank.

[Question] How much here (smuggling) and how much there (exporting)?

[Minister] I have not investigated the issue.

[Dr Jawdah] Yes, I have gone into these spheres. But if the socialist public prosecutor punishes those who have smuggled money abroad, who will compensate the people, the owner of these monies, and restore their right? If a small segment of Egyptians abroad ultimately benefits from selling whatever foreign currency they possess at a high price in the black market, this segment or its relatives also purchase goods whose prices rise because of their rising costs. Thus, this segment loses whatever it gains whereas the merchant is always the winner. The ordinary citizen must realize that his real interest lies in dealing with the banking apparatus. There should also be a simultaneous reform of the flaw in importation, of course.

If a part of the foreign currency of the Egyptians has gone to the investment firms, then one wonders: They said in the past, let us form investment firms in order to attract foreign currency and now they say we need foreign currency to give it to the investment firms! What is the story?

Duos and Illusions of Financial Center

The reader may not enjoy these days a report which does not discuss the banks and the socialist prosecutor. Here, we will present two totally different issues:

The first concerns the talk which surfaced in the mid-1970's about transforming Cairo into an international financial center. In the wake of this clamor, the foreign banks came like invading armies. The question is: How sound and how serious is this projection?

Dr Jawdah 'Abd-al-Khaliq has said: There are conditions required for any place to turn into a financial center:

1. An advanced banking apparatus and a fundamentally strong financial position.
2. Compatibility between the production base and the consumption base in the country's economy.
3. A clear and frank determination of the state's role and power in controlling the activity.

These conditions were not present in Egypt when this call was launched because of the backwardness of the banks and the weak production on the one hand and because the Central Bank did not have its independence to face both the government and the banks.

Let me note that the U.S. system gives the Federal Reserve Board chairman powers exceeding those of any cabinet minister and his relations with the president of the republic are direct relations. But even after promulgation of the amended Central Bank law, our minister of economy has the upper hand in appointing and recommending the Central Bank governor to the president of the republic. Moreover, the minister is the chairman of the bank's Board of Directors. All these reasons and the absence of the national currency as an instrument for the settlement of international payments make the story of the financial center a lie. It is to be noted that since this call was launched, the Egyptian pound has been declining, not to mention the political intervention hiding behind the banks.

Dr Jawdah added: The banking flaw is responsible for 60 percent of the drop in the Egyptian pound's value. It suffices that the banks whose heads are being investigated by the socialist prosecutor have harmed the national economy. Despite this, the minister of economy has made no move to shut down these banks, which the law empowers him to do.

Dr Sayyid 'Abd-al-Mawla has proposed that the People's Assembly speaker nominate the Central Bank governor, provided that the bank be made a completely independent organization empowered by the law to chart currency, even financial, policy.

God Forbid

Hypothetically, what would happen if the dollar became the official currency? Practically, what does the growing tendency to sell local goods in dollars mean?

[Dr Jawdah] Currency is the outward crowning of an existing economic and social reality. Like the flag, currency is a symbol of sovereignty. Should it so happen that Egypt approves the dollar as a totally acceptable currency in settling Egyptian and international transactions, then this would mean total relinquishment of national economic sovereignty. In other words, it

means flying the economic flag, and before it the political flag, of course, at half mast, reconsidering all the Arab, African and international relations, the concepts of independence and sovereignty and, naturally, Egypt's place and history as a result of such a step.

As for the practical part of the question, Dr Jawdah said: It means marginalizing those who work internally and preventing them from getting the fruits of their work with the wages they earn, such as refrigerators, cars or a certain service, while giving this opportunity to those who have foreign currency. This is some sort of a privilege which creates a superior currency, namely the dollar, and an inferior currency, namely the pound.

Dr Sayyid 'Abd-al-Mawla said: The country's mainstays will collapse, of course. As for the sale of local products with the dollar, it will explode a bomb, because article 17 of law No 163 of 1957 states: Banknotes issued by the Central Bank shall have an unlimited power of release [from liabilities]. Consequently, making the sale of certain goods conditional on payment in foreign currency limits the currency's release power and this is in violation of the law.

[Question] Can a legal suit for damages be filed in the courts, doctor?

[Dr Jawdah] We have not adopted the probate court system of litigation, meaning the system whereby any citizen can sue on issues undermining the public interest. This continues to be the task of the defense councils, if they are recognized.

Law and Smuggling

Regarding the socialist prosecutor, smuggling and the prosecution authority, Dr Sayyid 'Abd-al-Mawla said:

The socialist prosecutor's intervention is a marginal temporary measure because he represents a special court.

An end must be put to the paralysis of the public prosecution in filing suits against tax and currency crimes (without referring to the minister concerned). The public prosecution is the party that protects society.

There is a general tendency in the penal code to stiffen the penalty for economic crimes. The 1970's produced in Egypt crimes that are more dangerous than individual murder. The penalties must be stiffened for tax evasion and currency crimes. But the policies must be corrected first, subjecting the investment banks to the Central Bank's authority, closing the gaps in the investment law and tasking the Investment Authority for the projects it approved in recent years.

Final Comments by Dr Jawdah

What kind of values are propagated when the state tries to collect taxes from the money changer for his illicit activity? Is this a government that respects itself?

I hold myself above calling Port Said free. The city was so when it confronted the aggression. How enormous is our loss with the distortion of its legacy of struggle!

Patching is futile for a wornout robe. There is a tumor in the Egyptian economic body and its only cure is to have it removed.

We do not benefit from the devaluation of such currency as the Deutschmark and the French franc versus the dollar because of the "close" tie to the United States which provides the wheat and the aid.

In conclusion, AL-AHALI has one question to ask: If the Central Bank gets immediate reports on the activities of the banks and if its representatives, as well as the representatives of the Currency Directorate of the Ministry of Economy, have the power of court officers, then how could what has happened happen and how long will this chaos and this game of offering sacrificial lambs every 3 or 4 years continue? When will the pound, instead of the dollar-rule Egypt?

(Read the Grouping Party's program in this report.)

Cartoon on page 1.



Caption reads: The Anthem of
Amin al-Manzilawi

Figure is singing: "My dollar,
my dollar, my dollar, You have
my love and my profit."

[Parody of the Egyptian national
anthem]

NEW NDP POLITBURO MEMBERS PROFILED

Cairo MAYU in Arabic 5 Nov 84 p 5

[Article: "Meetings With New NDP Politburo Members; Dr Yusuf Wali, Politburo Member and NDP Assistant Secretary General: All Parties Must Promote Production and Find Best Ways to Raise It"]

[Text] The NDP's politburo includes a group of Egypt's elite whose political and national history bears witness to their high qualifications, experience, education and loyalty to Egypt.

As soon as the politburo was formed, NDP chief, President Husni Mubarak, met with Dr Subhi 'Abd-al-Hakim, the party's secretary general, and Drs Yusuf Wali and Hilmi al-Hadidi, assistant secretaries general, who listened to President Mubarak's directives and a new phase of intensive party action began.

Dr Yusuf Wali

Everyone within and outside Egypt talked about him. They said he was a tireless man who places the people's interests above all other considerations. He is in constant touch with the people and is always on the job, even on his day off, which he spends in the fields solving agricultural problems or witnessing a new experiment for increased production.

He is no stranger to the political field. He has held many positions and was the youth secretary. Dr Yusuf Wali loves politics which he labels a national and patriotic duty. When he became youth secretary at a young age, he said that youth action was not ordinary work, but rather a duty for every Egyptian, young, middle-aged or old, to perform.

Hence, his outlook on politics is no different than that on youth action. He believes that politics is to meet the people, listen to their viewpoints and benefit from all constructive opinions.

This is Dr Yusuf Wali, minister of agriculture and NDP assistant secretary general, whose selection to his new position in the politburo and the National Party was so appropriate because it was not made in a vacuum, but rather was based on his political ability, scientific competence and experience in many of the national action principles.

"Production and Field Visits"

When I asked Dr Yusuf Wali about his vision of the next phase of National Party action and about his ideas through which he will embark on his new political action, he responded by saying: "My primary concern is the upcoming phase in production and how to raise it to attain self-sufficiency which we must achieve soon, God willing.

The matter of higher production must be our motto in the upcoming phase. All parties, not just the National Party, must find new and better ways to promote production and arrive at the best ways for increasing it."

Direct Dialogue Is the Surest Way to Reach People

About how to reach the people from his new political position, Dr Yusuf Wali said: "Field visits are the best way to achieve rapprochement between the politician and the masses. My experience in the Ministry of Agriculture and my many field visits and close contacts with the people in the agricultural field have acquainted me fully with the problems of the farmers. I can reach them and they can reach me quickly and I can solve their problems immediately and am aware of what goes on around me. I think this is the ideal way for every politician to be aware of the people's problems and to find solutions for them. Direct dialogue always leads to persuasion and to the best and ideal solutions.

Democracy Is Our Way to National Action

"The most distinctive feature of the upcoming phase is dialogue between the parties, listening to their viewpoints and discussing with them things we can come to terms on. If we can come to some sort of terms with their point of view, we will accede to their opinions if they were in the public interest.

"We must not be presumptuous when we make a mistake. We must admit our mistakes and make amends to get what we want. We must also be firm and decisive and must avoid injustice."

Finally, Dr Yusuf Wali says: "advise and consent about the key issues can help us attain our goals and implant democracy which we have chosen as our path under the leadership and guidance of President Husni Mubarak."

For the past 30 years, Dr Ahmad Haykal's name has sparkled in Egypt's literary world. He was one of the few critics acknowledged by all the literary circles of divergent orientations. He was also a great contributor to the introduction of the Egyptian and Arab literary movement to Europe.

About 2 years ago, Dr Ahmad Haykal's name began shining on the popular level. He was one of the intellectuals who had considerable input into the debates with the fundamentalist intellectuals, the debates that appeared in the press and on TV. His dialogue with them, his enlightened religious

thought and his broad horizons and forbearance were largely responsible for getting most of the fundamentalist youth back on the right track.

During his long tenure as dean of the Aar al-'Ulum College at Cairo University, he played a significant role in helping it catch up with the times. The year 1984 had a new success in store for Dr Ahmad Haykal who was chosen to be on the NDP ticket for the People's Assembly elections. He went down to the grass roots in Giza Governorate, demonstrating that, in addition to being a scholar and an intellectual, he was also a politician.

The people of Giza chose Dr Ahmad Haykal as part of the NDP ticket to represent them in the People's Assembly. In the assembly, he was elected chairman of the education committee and, at Cairo University, selected university vice-president for al-Fayyum College affairs. Recently, Dr Ahmad Haykal was elected NDP politburo member.

MAYU had the following interview with Dr Haykal about his thought in his new field.

Socialist and Demcoracy

The first question to Dr Haykal was about his political and party thoughts as a member of the NDP politburo. He said: "My political and party views on the whole are those of the NDP which are based on democracy in political matters and on socialism in economic affairs and which adhere to our people's traditions that stem from our religion, history and civilization. If I have personal opinions, they have nothing to do with the general principles, but pertain to the method of carrying out and prioritizing those matters that must be implemented. Basically, my view is that politics is not an occupation, but an affiliation, a commitment and a national service based on coexistence with the people, watching over their needs and working to satisfy these needs fairly and adequately, then prosperity, progress, happiness and peace."

Educational Reform

We asked Dr Haykal: "What are your thoughts on educational reform in your capacity as chairman of the People's Assembly education committee?"

He said: "I will do everything in my power, God willing, to assist in educational reform and to support the educators in realizing the following dreams:

"First, the elimination of the school session system to the point where our schools will teach all day and not just a few hours that are not enough for learning and education.

"Second, the elimination of school overcrowding and crammed classrooms by building new schools every year and renovating existing ones to reach a point where our schools have enough classrooms, essential services and necessary athletic fields.

"Third, the development of curricula that would guarantee high school graduates productive and gainful employment without a college education.

"Fourth, paying attention to technical education as the foundation for enrollment in applied colleges such as engineering, agriculture and commerce.

"Fifth, taking care of teachers and sponsoring them materially and scientifically because the teacher is the basis of the educational process. If teachers are not well prepared and adequately satisfied, they cannot perform their duties perfectly.

"Sixth, the re-examination of college education, from new students to old students to graduates. The least thing that can be done in this domain is to restrict university enrollment to those students who qualify through talent, aptitude and educational standards. Students must take courses relevant to Egypt's growth and development and must work, upon graduation, at jobs that fit their specialization and experience."

Al-Fayyum University

In reply to a question about his new position as vice-president of Cairo University's al-Fayyum branch, he said: "In my work as vice-president of Cairo University at al-Fayyum, I shall do my best to promote this branch that includes four colleges so that the already-established ones may flourish and the new ones may get established. Then add to these four colleges al-Fayyum's need for other colleges all under one campus with student housing, a public library, athletic fields and orchards.

The Crisis of Young Writers

We asked Dr Ahmad Haykal, as a writer and a critic "can the crisis suffered by young writers be rooted out?" He said: "The real hardship facing young writers is the limited publishing opportunities due to the lack of space available to them in the press. If each daily newspaper had set aside one page a day for literature, we would have had great writers and critics who would enrich our literary life. The solution begins with the publication of literary magazines of various interests and levels. There must be magazines for poetry, the theatre, [literary] criticism, stories, heritage and international literature for all ages, specializations and academicians. There has to be adequate recompense and material returns for those who work in the literary field, for what they get is not commensurate with their intellectual efforts or the present standard of living.

Furthermore, cultural seasons and literary and poetry festivals must be reinstituted with extensive government participation to attract poets, novelists and critics, and the people as well.

[Background Information on Dr Yusuf Wali]

Dr Yusuf Wali, minister of agriculture and food security and NDP assistant secretary, was born on 2 April 1931. He received his BA in agriculture

from Cairo University in 1951 with a "very good" grade and honors. He was appointed associate professor at Cairo University where he received his MA in 1955 and his Ph.D. in 1958 and was promoted all the way to full professor.

Dr Wali went into politics. From 1955 to 1957, he was in charge of the youth movement and of the unions and associations as well.

In early 1957, he was in charge of the youth movement, so he was appointed secretary general of the Arab alumni, including all the officials who held key government positions in subsequent years.

Dr Wali had a chance to travel abroad. He worked as planning advisor to the Libyan government and took part in drawing up the Libyan government's plan for 1962. He put out several studies and, in 1958, published the first book on horticultural exportation.

In 1970, Dr Wali worked in the Ministry of Agriculture and the Ministry of Land Reclamation and had a role in the organization of the Agricultural Research Center which did not have its own special law until the Husni Mubarak regime.

Dr Ahmad Haykal

-Graduated from Dar al-'Ulum College in 1948.

-In 1954, he received a Ph.D. in the humanities from Madrid University in Spain.

-He occupied the position of director of the Communications Studies Institute and was a member of the cultural programming advisory committee the Arab League.

-He worked his way up through the ranks of Dar al-'Ulum's faculty to the post of dean.

-He is a poet and a writer and has several literary works to his name.

-He is chairman of the educational committee in the People's Assembly.

-He is vice-president of Cairo University.

-He is married and has four children, two boys and two girls.

12502

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STEEL INDUSTRY SUBSIDY PROBLEMS EXAMINED, SOLUTIONS PROPOSED

Cairo AL-AHRAM AL-IQTISADI in Arabic No 821, 8 Oct 84 pp 19-21

[Article by Rawiyah as-Sawi: "Troubles Caused for Iron and Steel Industry by Subsidies"]

[Text] The Iron and Steel Company, a bastion of Egyptian heavy industry, suffers from financial problems. One of the most important of these problems is the failure to differentiate the net realizable economic cost of the company's products from the social price, that is, the subsidy price that the state imposes on the company, which has embroiled the company in the problems of accumulated debts and the inability to settle them, as well as of overdrawing from banks.

It has become evident that the company suffers from a shortage in ready cash for several reasons specified by 'Abd-al-'Aziz Abu-Zayd as follows:

1. The company's prices have been fixed and constant since 1980--and these prices are less than the net realizable cost prices.
2. At the same time, product prices were considerably lower than those of similar imports.
3. The accumulation of the company's annual debts from 1979 to 1983. The values of investments, financed through the loans acquired for the implementation of the two expansion phases, amounted to 245 million pounds and included interest worth 127 million pounds. In other words, the proportion of interest amounts to 52 percent of the total investments. These loans are none other than annual loans that had been accumulating from 1977 to 1983, added to the interest charged on these loans at averages amounting to 6 percent yearly, at a time when the company does not present these loans. The reason that this interest is charged is that the private sector is a shareholder to part of the company's capital. Had the company been 100 percent public sector, these loans and this huge interest would not have been charged.
4. The increase in the amounts that the company overdraws from banks, from 15 million pounds at the end of June 1977 to 60 million pounds at the end of June 1984, that is, 10 million pounds over the figure that the company is allowed to withdraw. Nevertheless, the company is compelled to exceed

even this figure, and it has applied for approval of an increase in the withdrawal figure to 80 million pounds. There may be in the company bank interested amounts that totaled 26.6 million pounds during this period.

5. The failure of the Ministry of Finance and the National Investment Bank to finance the company's investments, which has compelled the company to finance itself by overdrawing from banks to play its role in the 5-year plan, and also to meet the need for implementing these investments in light of specific timetables. The sums with which the company financed itself from 1977 until June 1983 million from the start of operation until 1976 31.3 million pounds [sentence as published].

6. The recommendations made by the committee-formed by decree 407 for 1980 to study the financial and economic situation of the company, as well as its liquidity situation and its infrastructure and finances--have hitherto not been implemented.

Subscription Coverage

To rectify the company's financing structure, 'Abd-al-'Aziz Abu-Zayd suggests covering the offered subscription for the increase in the company's capital--totalling 500 million pounds--through 473.7 million pounds owed to the company by the Ministry of Finance, the Public Authority for Industrialization, and the Public Authority for Implementation of Industrial and Mining Complexes. The remainder of the value of the increase in capital, that is, 26.3 million pounds, is to be procured in cash from the Ministry of Finance.

The following is the solution to the company's suffering from the shortage in liquidity, as previously noted:

Considering financing the company with the expenses that it had incurred in funding the 5-year plan investments. The investments that the company has financed from its own sources for the period from 1977 until 30 June 1983 amount to 31.2 million pounds.

Reconsidering limiting the net realizable prices of the company's products (the actual cost plus a margin of profit tied to the cost of importing similar products from abroad).

Reconsidering the value of the interest charged for the financing of the company's investments for the two expansion phases--an interest amounting to 127 million pounds.

Considering the value of the local interest which the company was charged by the Public Authority for Industrialization, totaling 8.47 million pounds for the period from 1962-63 until 30 June 1984. This local interest was charged on the company's investments of 7,586,664 pounds, financed by loans borrowed from the authority and derived from the Fund for the Investment of Deposits cancelled until 30 June 1966. This is because the company did not incorporate the value of the interest in its capital increase. The reason is that the increase in the value of the interest charged on the funds granted to the company is greater than the value of the investments.

Furthermore, and from the company's standpoint, the agreement is nothing more than a state contribution to the financing of investments, because it is impermissible to charge any interest on the capital share.

The problem of the prices of the company's products are one of the reasons behind its financial troubles. Engineer Diya' Tantawi, chairman of the board of directors of the Iron and Steel Company, says that the company's pricing problem is represented by the increase in the various cost factors because of the increase in the cost of commodity requirements, spare parts, wages, transport and the other services. For example, if we take 1980 as the base year and compare the 1982-83 prices, we find that the rate of increase over the base year is as follows:

Wage increase ratio 138 percent.

Ferrosilicon 165 percent.

Ferromanganese 326 percent.

Ferrocrome 157 percent.

Graphite poles 257 percent.

Casting moulds 134 percent.

This review shows clearly that the increase in the prices of the required commodities ranges from 134 percent to 326 percent, in addition to the fact that the sale price of products remained constant. Had the company not rationalized the consumption of raw material, the results would have been worse than they are now. In light of the foregoing, the 1983-84 cost increase, and the constant sale prices, the company is expected to continue incurring more losses in the budget of 30 June 1984.

Therefore, the company, in conjunction with international consulting firms and international banks, has studied the rehabilitation of old factories for the purpose of introducing sophisticated equipment and modern production methods to provide high quality products coupled with an increased production potential and the addition of new kinds to diversify these factories' products. This action will figure as one of the factors which will help the company reduce costs and improve the results of the company's work. However, the need exists to stimulate prices, particularly since Egyptian steel has begun invading the world markets.

Reinforcing Rods

However, when it comes to reinforcing rods and to the company's troubles with them, Engineer Diya' Tantawi, the company's president, says that the companies producing reinforcing rods are the National Company for Metallurgical Industries, the Delta Steel Company, the Copper Plants Company, and the Iron and Steel Company.

In accordance with a formula that has taken into account the locally produced quantities and the imported quantities, as well as the Japanese Government's grant of 1980, a unified price of 263 pounds per ton has been fixed for sales made through permits issued by the Reinforcing Rods Sales Bureau. This price has been fixed on the understanding that the producing companies will receive 196.8 pounds per ton, while the actual cost per ton amounts to about 320 pounds.

Problems of Financing Structures

Mustafa 'Abd-al-Jawad, president of the accounting division, says that Dr Salah Hamid, the finance minister, on 5 December 1983 submitted an aide memoire to the minister of industry containing the opinion of the Ministry of Finance. The aide memoire conveys the opinion of the Ministry of Finance about the rules in accordance with which the financing structures of the public sector can be remedied. Clause Two on price defects states that the remedying proposals are:

Giving the company the right to set its products' prices within the framework of economic controls and accounting criteria to be laid down for this purpose, while bearing in mind the circumstances surrounding some basic commodities that represent the consumption of the broad base of the toiling masses.

If the state deems it appropriate, to set a specific social price for some basic commodities different from the net economic realizable price, so that subsidizing commodities can be done during the distribution phase, provided that accounts with the producing companies are computed on the basis of the next economic realizable prices that include appropriate profit margins.

Furthermore, the aide memoire includes other useful proposals which, if implemented following their approval by the Committee on Formulation of Policies, would help redress the financing structures of the industrial companies in general, and of the Iron and Steel Company in particular.

Liquidity Shortfall

The company sells its products to the public sector on a cash on delivery basis. However, when it comes to the public sector, a different state of affairs exists because of the lack of liquidity in the public sector companies. This situation has led to the accumulation of debts owed by the public sector to a total of 28 million pounds. This indebtedness has been reflected in the form of bank overdrafts by the Iron and Steel Company and of 7 million pounds in interest, whose brunt is borne by the company.

Exports

With regard to exports, Ahmad Sidqi, the head of the commercial sectors, says: The company has begun making exports to Europe, the United States, Asia, Africa and the Arab states. During the 1983-84 fiscal year, the volume of foreign contracts amounted to 124,000 tons. Some 83,000 tons have been shipped, although the target of currency earning exports was about 50,000 tons, worth about \$13.2 million, which had a great effect on production and

contributed to the redressing of the state's balance of trade. A unified export strategy is now being mapped out for the companies affiliated with the Public Sector Authority for Metallurgical Industries in a way that would guarantee advertising some of these companies' products in the Arab states. Preparations are under way for a marketing mission, in conjunction with the Authority for the Development of Exports of the Ministry of Economy, to visit Iraq, Kuwait, Bahrain and Qatar. These visits are expected to be made next October.

To generate momentum for increased exports and to facilitate shipping procedures, Engineer Diya' Tantawi urges eliminating the following problems and some existing export hindrances:

Providing export vessels with shipping credentials at the right time to preclude delay penalties imposed in free currencies.

Insuring regular Egyptian navigation lines to the harbors of Eastern Asia.

Preventing the Egyptian maritime companies affiliated with the public sector from exaggerating the assessment of the freight class to buttress the competitive position of Egyptian commodities on the foreign markets.

Providing the freight and shipping companies of Alexandria and Suez with the appropriate capabilities.

Expediting the measures needed for obtaining export permits from the competent quarters.

Problems and Solution Summary

Disregarding the adoption of the average net realizable cost in pricing has led to the company having numerous problems, including:

Accumulation of losses in successive years, which has seriously affected the financing structures.

A noticeable increase in bank overdrafts accompanied by increasing interest rates.

A deficit in liquidity, which has had a negative effect on the company's economics.

Enlargement of the volume of public sector indebtedness.

A failure to finance replacements and to expand the company. This is in addition to the factor of the workers' psychological condition due to the incurrence of successive losses caused by the subsidy prices.

The beginning of the remedy for the company's financial problems, so that it can set out with new and sound economics, lies in reviewing the pricing policy with regard to industrial production. This is on the understanding

that, basically, this policy must depend on the cost plus profit margin, and on the understanding that the sale price of products is revised once every 2 years to avert an accumulation of problems and difficulties as a result of the limiting of prices for long periods.

It also means providing free currencies so that it will be possible to acquire production requirements at the right time.

No Stockpile Accumulation Exists [box on page 20]

Engineer Diya' Tantawi, chairman of the board of directors of the Iron and Steel Company, says that the company has no stockpile inflation problem for several reasons:

The stockpiles of commodities--such as spare parts, tools and raw materials--despite the increase in their value and their effect on ready money--constitute specialized and strategic stockpiles that will make it possible to face any condition of the equipment, while taking into account the political and economic aspects of the continuing operation of this equipment.

The unnecessary excess of general tools are disposed of at auctions,

The stockpiles of the complete products always represent a 2-month production to insure feeding and supplying the local market with products to avert any bottlenecks, in addition to the period for product inspection.

Incentives are linked to production and to its quality, marketing and cost.

Heavy Industry Bylaw Required [box on p 21]

The Iron and Steel Company workers demand that a bylaw on the wages of heavy industry workers be promulgated that would be a factor of attraction, not repulsion. The reason is that the technicians of the company are exposed to generous offers--in comparison to the wages they receive from the public sector companies--of employment with the economic open door policy companies and in the Arab countries. The result has been a flight of the trained and technical labor force, particularly from the heavy industries.

Table Comparing Import Prices, and Local Production Costs and Basic Sale Prices on Local Market

Type	Price		Freight Rate Pounds	Insurance Pounds	Customs Dues Pounds	M. Unloading	Imports	Price	
	FOB	Pounds						Production Cost	Basic for Local Sales
Sectors	334	390	35	4	67	10	506	370	280
Hot Sheet Iron and Plates	336	392	35	4	67	10	509	300	245
Cold Sheet Iron	358	418	35	4	71	10	538	404	260
Roll Squares	200	234	35	4	33	10	316	350	240
Continuous Casting Squares	173	202	35	2	28	10	277	223	135
Reinforcing Rods	282	318	35	2	56	10	421	320	196.8

Prices FOB in accordance with bulletin of August 1984 GRUMETAL MONITOR (European Common Market).

Freight Rate \$30 = LE35.

Insurance 1 percent.

Fee 22 percent priced at 81 percent of C&F price except Squares 17 percent.

M. Unloading LE10.

Dollar computed on basis of 117 piasters on FOB and Freight Rate prices.

DIALOGUE VIEWS SOLUTIONS FOR INDUSTRIAL PROBLEMS

Cairo AL-AHRAM AL-IQTISADI in Arabic No 822, 15 Oct 84 pp 18, 19

[Text] The principal issues of industry, the problem of businessmen with the agencies of the Ministry of Industry, and the administrative problems ensuring from the application of the laws and bylaws on industrial activity all figured as the focal topics of the prolonged discussion that took place at the inaugural meeting of the new season that was held on the premises of the Businessmen's Association. Engineer Muhammad 'Abd-al-Wahhab, the industry minister, and a number of his senior aides were guests at the meeting. At this meeting, which was held last week, the businessmen's representatives carefully presented a detailed explanation of the obstacles that lay in the investors' way, and to which the Ministry of Industry and its agencies are a party, or those obstacles created by the economic laws and bylaws that regulate industrial activity.

In the dialogue paper that was presented to the minister, the businessmen reviewed their views on the way to resolve these problems to achieve a kind of normalization of relations between the investors on the one hand and the ministry and its organs on the other.

The minister acknowledged the existence of some routine measures, and some exaggeration, particularly in the government industrial agencies that have a supervisory character. The minister justified the existence of these things by the nature of the local industrial activity and the lack of production.

At the end of the meeting, agreement was reached on forming a joint committee of businessmen and representatives of the Ministry of Industry to solve the traditional problems that face work in the industrial production projects.

Increasing Production, Removing Obstacles

At the outset of the dialogue, Sa'id al-Tawil, the president of the Association, emphasized that it has now become an established concept of the national economy that there is a pressing need for increasing production, because this aspired increase is the sole way out of the economic crisis, and that the government and the investors are agreed on this objective. However, it remains to create a good atmosphere that would prompt investors to embark on production projects. He said that there are many problems that

preclude fulfillment of this objective, and there is no course leading to the resolution of these problems other than the continuation of the dialogue and the exchange of views until we reach a phase at which the ideas of businessmen and officials converge.

Problems of Industry

In reviewing the current industrial problems, Engineer Ihab al-Masiri criticized the agencies of the Ministry of Industry, particularly the Industrialization Authority, whose role in granting licenses to new factories he demanded be canceled. He also criticized the Industrial Oversight Authority and the Measurements and Standards Authority for the complications created by many of the latter's measures for the production projects. He also demanded that the role of the Industrialization Authority be confined to procuring information and statements on industrial activities, and to presenting this information and these statements to the investors.

He also raised the problem posed by the prices set for the non-governmental spinning and weaving sectors, as well as the effect of these prices on the activities of these mills. He also demanded that more flexibility be practiced with regard to the private spinning and weaving industries in specifying their products' prices, providing these industries with statements, and increasing encouragement incentives for finished products, instead of exporting semi-finished raw materials, cotton yarn, to achieve an increase in the value added tax payable by this industry. Furthermore, he reviewed in the industry minister's presence the criticism that the businessmen level at the unified bylaw for imports and exports that is now being ratified, particularly so far as the imports of the production investments companies are concerned. He demanded that these companies' imports be exempted from submission to the imports rationalization committees, be freed from obtaining administrative approval from the Ministry of Industry and its agencies, and be exempted from the payment of 2-month import deposits at the Central Bank. He also demanded that the investment companies be given a free hand in the pricing of their products and, should the need arise for fixing prices, the Ministry of Industry would be the sole quarter entrusted with the pricing process.

In his speech, Engineer Ihab al-Masiri also demanded that the investment companies be given priority in acquiring raw materials, as well as the requirements that are produced by the public sector companies, and that the private sector be given the same treatment as that given to the industrial public sector by the commercial public sector's companies so far as prices, contracts and inspection are concerned.

These were the businessmen's most important demands that they raised before the minister of industry at this meeting. Muhammad 'Abd-al-Wahhab, the industry minister, determined that all these subjects are worthy of study and discussion. However, it is impossible to reach agreement on all of them at one meeting. But it is possible to conduct joint studies between the officials in charge of industry and the businessmen to reach agreement on solutions satisfactory to both sides.

Investment Companies and the Plan

With regard to confining the granting of specific advantages to the projects connected with the plan, to the exclusion of the rest of the investment projects, the minister of industry answered that the state has a 5-year plan with specific goals set to achieve the plan in accordance with the government's political and economic vision. He added that this plan is binding on the public sector, whereas it only serves as a guideline for the private sector.

Oversight Agencies' Role

However, it is natural that the advantages of the investment law be channeled to the private projects operating solely within the plan's framework. As a matter of personal opinion, I believe that advantages must be granted to each project separately, not jointly to all the projects coming under an entire law. The reason is that granting advantages in this manner would prove more useful in the fulfillment of our economic objectives.

In connection with the excesses to which the oversight agencies go in the industrial domain, he said that it is possible to admit some of these excesses. However, this admission does not mean demanding that these agencies be eliminated. He said that what calls for retaining these agencies is the fact that the current industrial production does not meet the consumers' needs. In other words, supply is less than demand. Therefore, any commodity on the market would readily be consumed, and this is why interest must be taken in the role of the governmental supervisory agencies, particularly in the absence of popular establishments concerned with consumer protection.

He said that this problem will resolve itself automatically when a real production increase is achieved, and when the balance is redressed between supply and demand on the market.

The minister then explained the government's viewpoints on the problems of a number of industries.

Cotton Yarn

With regard to the cotton yarn problem, which is one of the problems currently imposing themselves, he said that the public sector is the only one that begins work in the cotton textiles industry with the raw cotton phase, progressing to thread and culminating in the textiles industry. However, the companies of the private and investment sector begin their work in this industry at the thread phase.

Furthermore, it is well known that the only phase of the cotton textiles industry that produces losses is the cotton thread phase, whose brunt is borne by the public sector alone. Therefore, the private sector companies that purchase thread at the current prices can make profits when producing cloth. However, the public sector cannot make profits because it bears the loss incurred in the process of turning thread into a manufactured product.

In figures, a ton of cotton yield is purchased from farmers at the price of 1,340 pounds, to which is added 10 percent to offset the loss caused by the weight of sand. Therefore, the price of the raw yield becomes about 1,500 pounds, which is more than the current sale price of thick woven thread. Therefore, the Cotton Authority has decided to sell thread to the investment companies at yarn export prices.

Aluminum

With regard to the aluminum sectors industry and the sale of electricity at world prices to the aluminum sectors' production projects, the minister of industry elucidated that the real raw material in the production of aluminum is electricity, not aluminum, in view of the large quantities of electricity consumed by this industry. This is a real problem because the government justly demands that electricity be sold to this industry at world prices. Furthermore, the aluminum industry companies would find large numbers of consumers in, even if these companies add the new electricity prices to the production cost--and this is now the object of a study at the Ministry of Industry.

Imports Rationalization Committees

In connection with the imports rationalization committees, against which a pitched attack was launched by the businessmen at this meeting, the minister of industry said that the question of referral to the import committees is an economic issue connected with the scarcity of the foreign currencies available to the national economy, and also connected with the easing of the deficit in the balance of payments.

He added that we must admit that there is a business sector whose sole work and sole profit derive from imports, without this being done for production purposes--and the rationalization decisions must be applied in this instance. He said that the problem with the industrial production companies is that they do not make exports and, had these companies been given the opportunity to export their products, there would have been no need for applying the rationalization measures to their imports. An attempt must be made to solve this problem by increasing these companies' exports. Concerning the protection of local industries by banning the import of commodities similar to those produced by these companies, the minister of industry said that this is a general trend within the state, provided that the following three factors are available within the local industry whose protection is required: a quantitative production that is proportional to the demand for an appropriate qualitative production and, finally, a sale price suitable for the market. When these three factors become available, protection for the industry in question is immediately approved.

At the end of the dialogue, the minister of industry noted that studies are underway within the Ministry of Industry on the problem created by the energy prices for the investment companies, as well as on the yarn prices problem and a host of similar problems from which the investment-production

sector suffers. This is in laying the groundwork for making appropriate decisions on these problems--and we hope that this will take place soon. He also emphasized that the whole government, not just the Ministry of Industry, is fervently dedicated to the creation of the auspicious general atmosphere that would encourage increasing production and making businessmen more desirous of embarking on new production projects.

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TUNISIA

PRIME MINISTER MOHAMED MZALI PRESENTS BUDGET TO CHAMBER OF DEPUTIES

Tunis LA PRESSE DE TUNISIE in French 28,29 Nov 84

[28 Nov 84 pp 5-7; passages in slantlines printed in boldface]

[Text] Today's Rigor Will Save Us from Tomorrow's Austerity

Mr President of the Chamber,
Honorable Deputies,

I am glad of the opportunity offered me each year to see you honorable representatives of our Tunisian people again in order to present you with the economic budget and the national budget, in the name of our Supreme Fighter, President Habib Bourguiba, whose wise counsel and sound advice are more than ever necessary to guide our steps and orient our actions down the path of development and progress.

It was with profound emotion that all of our fellow citizens received the news of the supreme fighter's recent fatigue. The heartfelt sympathy they evinced on that occasion bears witness to -- as if that were necessary -- the solidity of the bonds that have been woven between the people and their leader by 50 years of struggle conducted until the achievement of victory, years marked by brilliant successes.

It is with particular pleasure that I reassure you today, and also reassure the people of Tunisia, by confirming the fact that the clearcut, constant improvement in the state of the president's health is rapidly leading him to a complete recovery.

I am also happy to inform all of you that the Supreme Fighter has faced his illness with an iron will and determination, which is reminiscent of the one he has always evidenced in the face of adversity in the course of his long battle. Fatigue has not prevented him from concerning himself closely with affairs of state, following events on the political scene and lavishing his valuable directives on the government.

Let us thank the Lord for having surrounded our venerated leader with His benevolent solicitude! May He grant him strength and good health so that he may

pursue the realization of the work to which he has devoted his life, in assuring our beloved fatherland glory, progress and invulnerability.

Mr President of the Chamber,
Honorable Deputies,

We are here again today, as is our custom, to together examine the national budget for the 1985 fiscal year and at the same time to exchange views on the country's economic, social and political situation. This is one aspect of the solid and productive collaboration that constitutes the distinctive cachet of relations between the Executive Branch and the Legislative Branch.

On this occasion I have the pleasure of paying my respects to Mr Mahmud Messaadi, the president of the Chamber, as well as to all you honorable deputies and of expressing to you my great esteem.

As you know, the implementation of the Sixth Plan has begun in the midst of a difficult international economic situation. Over the years the economic and financial situation has in fact been incessantly worsening, being particularly marked by an unbridled rise of the dollar and interest rates and a drop in raw material and basic product prices, the persistence and even fresh outbreaks of protectionist tendencies in the industrialized countries despite the relative recovery they are at present experiencing. All these elements quite obviously constitute as many factors which operate against the interests of the developing countries.

There is, moreover, reason to keep from underestimating the consequences of the very unfavorable weather conditions that have prevailed since the Sixth Plan got underway — particularly in 1982. Their effects have been particularly negative on agricultural production as a whole, including olive cultivation, the cultivation of citrus fruits and vegetables and stock raising.

However, despite this unstable international economic situation and these unfavorable domestic weather conditions, Tunisia has with firmness and conviction pursue its development program for the edification of a sound, well-balanced national economy. The economic budget submitted for your examination provides you with proof of this.

In connection with this, I would now, at the start of this accounting, like to draw the main conclusions that we may gather from the balance sheet for the Sixth Plan during this initial 3-year period.

After a period of relative stagnation in production in 1982, due essentially to the conjunction of the many negative factors I have just enumerated, to which must be added the technical difficulties that hampered the operations of some industrial plants and caused a drop in their production, a sizable recovery was effected. So much so that we were able to record a growth rate of 4.8 percent in 1983 and 5.5 percent in 1984. Compared to the rates obtained during the same period in the industrialized countries — which averaged 1.5 percent — this result may be considered to be extremely positive. Such a performance could only be realized through the combined efforts of everyone and thanks to

the steps taken by the government to strengthen confidence, stimulate enthusiasm and incite people to work harder. Isn't this the best reply to pessimistic rumors and opinions, and the most eloquent denial of those tendentious analyses that would cast doubt on Tunisia's ability to consistently pursue its development program?

The recovery is first of all due to the results recorded in the manufacturing industries sector following the competitive introduction of new production units, in particular in the phosphates and cement sectors. As for agriculture and fishing, they too have experienced a considerable recovery in 1984. This recovery is represented by a rate of growth of over 11 percent, due to the excellent results achieved in the olive oil, citrus and date sectors as well as the fishing sector. This performance is the best we have ever recorded: Thus, based on constant prices for 1980, the added value for this sector amounted to 550 million dinars.

It certainly would have been possible to arrive at better results if it had not been for the drop in the foreign demand and its effects on the production of some sectors oriented towards exports, in particular the textile, fertilizer and tourist industries. In the last of these sectors the decline in profits is due to a number of external factors, specifically:

1. The tendentious campaigns conducted against Tunisia in one or another Western country as a result of the positions we have adopted on certain international problems.
2. The worldwide economic crisis, which has engendered a decline in the foreign demand, in particular in the tourist sector.
3. And lastly, the protectionist policy adopted by these countries, for the purpose of limiting imports.

As for investments, which constitute the real driving force of the economy, they have developed at an accelerated pace. Investments during the period from 1982 to 1984 amounted to about 5.09 billion dinars as against an anticipated figure of only 4.6 billion dinars. This very high figure made possible not only the launching of most of the projects listed in the Sixth Plan, but also acceleration of the implementation of certain major projects like the Bourguiba Dam in the governorate of Qairouan, the Joumine Dam and the Jebel El Oust cement works. It also made possible the construction of 115,000 housing units, the improvement of the country's infrastructure through the construction of roads and bridges and the extension of the electricity (which will include 955,000 consumers in the end of 1984 as against 735,000 consumers in 1981) and drinking water networks. In this sector we have been able to meet most of the needs of the cities and increased the number of water-supply programs for the purpose of meeting the needs of the rural areas. We have also started work on the big project adopted at the time of the national election, the financing of which will come to 110 million dinars for the period of the Sixth Plan.

And now I come to employment, one of the major concerns of the government. The president — who has given this issue quite particular attention — insisted on personally presiding over the 16 February 1984 Council of Ministers meeting, devoted to this issue. While presiding over the conclusion of the PSD [Destourian Socialist Party] Central Committee proceedings, he also emphasized the great interest he attaches to the creation of jobs, particularly for young people.

Thus in 1984 there was a veritable mobilization for the promotion of employment. Aside from the clarifications contributed in terms of conception and a better approach to concrete realities, the new measures decreed by the government in favor of employment are strengthening the efforts made before.

It is now obvious that with the year that is coming to a close a new conception of employment has been established. Going beyond the traditional "jobs/wages" equation, our new view of things, outlined since the early 1980's, substitutes for it a broader notion, which turns the creation of jobs into an activity aimed at procuring new sources of revenue. This change in approach has obviously produced a certain number of effects on our policy for the promotion of employment. Thus measures of encouragement, up until then limited to the industrial sector, have been extended to agriculture, skilled workers and the small trades. We have also introduced incentives appropriate for favoring the gradual emergence of new potentialities likely to create assets and in their turn contribute to the creation of jobs.

Consequently, despite the difficult circumstances the country experienced during the first 3 years of the plan, we were able to create about 126,000 permanent jobs. That is a good performance when we compare it with the results chalked up in different countries, particularly the industrialized countries, which are confronted with a fresh outbreak of unemployment. As far as the government is concerned, it has spared no effort to promote employment. Aside from the annual recruitment by the administration of 13,000 civil servants and agents, large expenditures are provided for in the budget for this sector. These expenditures, the volume of which has not stopped growing from one year to the next, reaching the figure of 90 million dinars in 1984, are devoted to the campaign against unemployment, to the creation of new sources of income, whether it be through the expedient of rural development and integrated rural development programs or within the framework of employment programs for young people and national and regional construction sites. I will, moreover, discuss this question in a more detailed manner when I take up the presentation of the national budget.

The government has also adopted a series of dispositions and measures to promote the craftsmen and small trade sectors, which are big generators of jobs at moderate expense. Thus a fund was created in 1982, designed to finance this category of projects, and laws regulating the sector were enacted. In this way it was possible to approve 3,004 projects which it is anticipated will create 16,563 new jobs.

In the domain of cooperation in the field of labor with brother countries, we must note a reduction in the total number of Tunisians recruited abroad due to the decline in job openings in certain countries which for years have welcomed our workers.

This reduction has, however, coincided with an increase in this form of cooperation with the Kingdom of Saudi Arabia, accounting for 56 percent, and with the United Arab Emirates, accounting for 22 percent. A big development has also been recorded with Kuwait, Qatar and the Sultanate of Oman.

It should be noted that the number of Tunisians working in these brother countries comes to 3,628. Of this total, 1,200 work in the fields of education and sports, 1,184 in the health sectors, 140 in the electrical equipment industry, 297 in telecommunications, 255 in public works, 126 in agriculture and water resources and 426 in various specialized fields.

I take advantage of this occasion to express to them our admiration and all of our esteem for the manner in which they perform their duties with respect to their conscientiousness and their fatherland as well as to the brother countries in which they are serving.

Furthermore, the government is devoting special attention to Tunisian workers' status abroad, considering the economic, social and even political situations that prevail in the host country, particularly in Europe. The government's solicitude is manifested in the intensification of the dialogue and contacts with officials of these countries at all levels in order to guarantee the rights of Tunisian nationals and to spare them the negative consequences of certain measures decided on for the purpose of encouraging foreign workers to opt for a return to their native countries.

Last summer the government also decreed a number of provisions to create a framework and a climate favorable to participation in the national development effort of our nationals working abroad.

At the same time the government has established the principles of its basic position with regard to the policy of a return to one's native country, taking into account the following constants: freedom of choice, guarantee of acquired rights, implementation of a contractual policy, seeing to it that its return coincides with the aspirations of the Tunisian colony and making of it an economic development factor.

Let us now tackle the question of consumption. Following a rise during the past few years at rates systematically exceeding those of the GDP, consumption seems to have increased moderately in 1984 at a rate fairly close to that of the GDP.

We were able to obtain this result thanks to a moderate price policy, which enabled us to contain the rise within the limits of 6 percent for 1983 and 6.5 percent for the first 10 months of 1984. This was also possible due to the effect of a balanced income policy, following the sharp increase in wages that occurred in 1982 and 1983.

Mr President of the Chamber,
Honorable Deputies,

In 1982 and 1983 wages were subject to large increases. By way of example, I remind you that the SMIG [guaranteed minimum wage] (40-hour week) rose by 51

percent. These consistent raises deserve to be taken into consideration, all the more so since the economic performances that were realized were well within the forecasts as a result of the conjunction of certain domestic and foreign factors.

These wage hikes, of course, permitted all wage categories to strengthen their purchasing power to an extent that matches, and even exceeds, the percentage attained at the level of price hikes for the current year. Moreover, the evolution of the price index from January 1982 to the end of 1984 has by no means absorbed the improvement in purchasing power that has taken place.

There is also reason to remind those who are demanding the indexing of wages based on prices that the labor agreements and contracts that have been signed stipulate that wages should be raised in light not only of the price index, but also of increases in production and of improvement in productivity. This is a requirement imposed by reality and dictated by logic. Any wage hike is essentially the result of a collective effort for the purpose of increasing assets and adding to the national production.

Failing which, any wage hike would not benefit the wage-earners, considering the effect of the inflation which the drop in the rate of production would engender. It would obviously not benefit the country's economy in view of the rise in prices and its effects on our ability to export, aside from the damage it would inflict on public enterprises.

Must we also remind you that, during the preceding labor negotiations, we did not take into consideration the fact that the price index factor and the raises that were granted in most cases went beyond this factor's effect on purchasing power?

We must, however, strongly stress the fact that the equation, "wage evolution/price hikes," in 1984 is in favor of the wage-earners and in no way calls for a wage revision.

For we are as determined to coordinate the wage policy with the country's development policy as we are attached to the principle of maintenance and reinforcement of purchasing power.

With respect to this, we are resolved to define and implement a new framework for our wage policy in order to reconcile the aspirations of the workers and our country's potentialities. In this approach we will certainly take the price index into account, but also — and especially — the increase in production and the improvement in productivity.

We will see to it in future that we in general increase our economy's ability to compete, and in particular our exports.

For we are convinced that the growth of income, for both wage-earners and others, is absolutely dependent on increasing the amount of labor provided and better marketing of one's product, at home as well as abroad.

These are the foundations of our socialist system as conceived by President Bourguiba, a socialist system governed by a rule of equity in the distribution of funds, not only between employers and employees, but also among the different categories of workers, not omitting the unemployed.

This is why, considering the economic situation which, in spite of our efforts, does not permit us to provide work for all jobseekers or assure them an income, it seems to us that it is more equitable to devote the resources we have to the alleviation of unemployment before thinking about increasing the purchasing power of those who are fortunate enough to have income.

Mr President of the Chamber,
Honorable Deputies,

We have done our best to give momentum to exports. We have thus begun to apply the measures I announced last year at the time the budget was presented: to wit, essentially the creation of an export insurance-credit system designed to encourage exporters and enable them to enter foreign markets with more boldness and greater confidence. A financial institution (LA COTUMACE [expansion unknown]) has been created for this purpose, with the participation of the government, the banks and the insurance companies.

Furthermore, we have begun to draft measures for the application of the law governing export companies. These companies, some of which are already in operation, will benefit from financial and tax incentives that will enable them to operate under satisfactory conditions.

There is no doubt that all of these measures will give rise to a climate more favorable to the promotion of exports over the next few years and will help to improve the competitiveness of Tunisian products in terms of price and quality in such a way as to permit them to gain access to new markets. They will also decisively contribute to reducing the trade balance deficit, improving the balance of payments structure, which, in spite of the cumulative effects of the international economic crisis and the excessive rise in the exchange rate of the dollar, has remained in a balance acceptable in terms of and compatible with the foreign debt. Moreover, this debt in no way affects the credibility our country enjoys in international financial circles, as attested by the willingness exhibited to comply with any loan request we float on the international financial market.

I can offer no better proof of this than the large number of offers made at the time of the last loan we floated. The sums offered us clearly exceeded the amount of our request: since we were offered \$210 million against an initial request of \$100 million! An agreement to this effect will, furthermore, be signed this very day with a consortium of international banks.

We are as aware of the need for closely controlling the evolution of our indebtedness in order to preserve our ability to repay and through it to keep our credibility intact as we are proud of this renewed confidence and the excellent reputation our country enjoys with credit institutions.

Mr President of the Chamber,
Honorable Deputies,

The reasons for assessing the past are essentially attributable to the need for familiarizing ourselves with the level of progress attained by our country and the problems our progress toward development finds itself confronted with. It is on the basis of this that we can, in all objectivity and bearing in mind concrete realities, define the level of progress we must attain in the coming phase and the dispositions and measures we have to adopt to guarantee a climate propitious to the dynamics of development.

In our specification of the development program proposed for 1985 and submitted this honorable Assembly for examination, we have adopted a realistic approach while taking care to include the largest estimates in terms of the options of our Sixth Plan and its ambitious objectives.

It is clear that we must assign priority to the fourth year of realization of the Sixth Plan, consolidation of the production and employment sectors and the rigorous and sound management of financial resources, both domestic and foreign. This approach will have the advantage of allowing us to relieve the pressures to which our balance of payments is subjected as well as controlling the rise in prices, despite unfavorable external factors.

As regards the 1985 development program, this order of priority compels us to revive exports in order to better sustain our production and employment efforts and to try to generate the hard currency funds necessary to the financing of development.

At the same time we must take care to control consumption and sensibly apply investment in order to keep domestic demand within the reasonable limits that correspond to our financing ability.

It is on this basis that the growth rate of the GDP has been set at 3.5 percent based on constant prices.

The manufacturing industries other than the food-processing industries, for which a growth rate on the order of 10.7 percent is anticipated thanks to the entry into the production sector of a certain number of small and medium-size businesses, should contribute to this growth of the GDP. And the big industrial projects, like the Mdhilla fertilizer plant in the governorate of Gafsa (designed and built by Tunisian engineers), the Jebel El Oust cementworks, the two automobile assembly units at Mateur and Qairouan and the engine manufacturing unit in the Mateur machine complex, will also contribute to it.

As for the tourist sector, it will provide its contribution to the growth of the GDP. In fact, a growth rate of 6 percent, destined to confirm the recovery recorded during the last few months of the current year, is anticipated for tourism in 1985.

As for agriculture, it is estimated that it will attain a growth rate of 1.6 percent. To be sure, this performance seems to be a modest one, but it is

actually a positive one considering the volume of production in 1984, for which good results have been recorded in most sectors, like olive growing, the cultivation of citrus fruits and vegetables, the vineyards and the fishing sector.

Thus, sticking to a comparative statement of agriculture and fishing production volumes from 1984 to 1985, not taking olive oil into account, we arrive at a growth rate of close to 5 percent. The fact remains that the particular solicitude with which the farm sector is constantly surrounded leads us to hope for even better results.

In connection with this, there is reason to indicate that the agencies we created during the first few years of the Sixth Plan (the Agency for the Promotion of Agricultural Investments (APIA), the National Bank for Agricultural Development and the other development banks) have begun to effectively contribute to the evolution of the farm sector and its modernization.

Thus the APIA has to date approved 146 projects involving total investments on the order of 60 million dinars. Bank credits have been obtained for most of these projects (96 out of 146).

It is important to stress the fact that half of the projects that have been approved will be launched in the interior of the country and that young farmers constitute a large percentage of the promoters. This fact is in itself positive and makes us optimistic.

We also lay great hopes on the contribution made by state lands, in particular the agricultural producer cooperative units which were strengthened through the promulgation of their special statute on 12 May 1984. This statute defines the framework in which these units will evolve as well as the conditions for their effective utilization.

We have the same hopes as concerns exploitation and development companies, which sizable bank financing will permit us to create. The implementation of modern techniques and installation of equipment necessary for irrigation, stock raising and the improvement of production will this be assured.

We are now initiating the creation of three exploitation and development companies in the northwestern regions. Furthermore, we are working for the implementation of an ambitious program that will in the course of the next 2 years provide for the creation of 20 companies of this type,* including the Rajim Maatoug Oasis Development Company in the extreme southwestern part of the country and the Sidi Saad Land Development Company in the Qairouan region.

The growth thus anticipated should, as a result, in 1985 create a higher number of secure jobs than that of 1984, that is, 47,000 jobs as against 43,000. This

* Covering an operational area of 60,000 hectares.

improvement will essentially stem from, on the one hand, the development the production sectors will undergo thanks to completion of the second phase of the Integrated Rural Development Program (PDRI), which will permit the creation of about 4,000 jobs, and, on the other, from the effect of the incentives the manufacturing industries, craftsmen and small trades, which should contribute to the creation of 21,500 permanent jobs, will continue to benefit from. I will, moreover, have occasion to expand on this topic in greater detail when the national budget is presented and more especially so when I allude to the government's policy with respect to the employment of young people.

Be that as it may, it would be wrong to believe that the promotion of employment will necessarily be effected through the development of investments. If we make effective use of the production potential still available to us, which has up to now not been optimally utilized, and if we succeed in distributing investments appropriately among the country's different sectors and regions and in conformity with our objectives, it will be possible for us to realize our employment expectations at a cost of modest and balanced investments.

The 1985 economic budget clearly reflects this tendency in terms of quantitative estimates as well as in terms of the proposed investment policy.

Total investments for next year have been set at about 1.98 billion dinars (which represents 28.4 percent of the GNP as against 30.5 percent in 1984) so that we can take into account the anticipated financing capacity. We also plan to orient these investments toward strengthening of the priority sectors, particularly agriculture and the machine and electrical equipment industries, and especially to the advantage of medium-size and small projects, which generate jobs at moderate cost. These projects will account for 20 percent of all investments as against 19 percent in 1984.

Within this framework, the government plans to adopt a number of measures to encourage investments in maintenance and renovation as well as any measure likely to improve the yields of the existing employment and production potentials. It also expects to provide new incentives for those firms that are the chief sources of employment and production and form the basis for regional development. Following the many measures adopted to benefit this category of enterprises, particularly those involving the creation of a guarantee fund, the government plans to simplify the procedures for granting approval and to improve the capability of the institutions, specifically the banks, to identify and prepare this type of project. These measures are also aimed at encouraging the banking sector to contribute more to the financing of small and medium-size projects.

Aside from this effort to orient investments, it is advisable for us to pursue our policy of consumption control. With respect to this, it is not a matter of reducing the volume of consumption. This is not desirable and would even be incompatible with development objectives, consumption being one of the principal supports of growth. What we are instead trying to do is simply to develop consumption within the limits of increases in production in order to preserve our ability to finance ourselves and to avoid excessive recourse to foreign borrowing. This naturally first of all requires the adoption of a reasonable income

policy while taking care to link increases in production, the growth of production and improvement of productivity. This then involves the pursuit of adjustments dictated by the Clearing House situation and the need for economizing on energy and avoiding waste. And this in the end requires the promotion of savings for the purpose of increasing the volume of funds essential to the development program.

Nevertheless, to avoid any misunderstanding, I hereby state that the proposed policy in support of basic consumer products will maintain Clearing House participation at the level provided for this year, which amounts to about 260 million dinars. This will necessarily involve the introduction of price adjustments for certain supported products, adjustments that should be made gradually and according to the nature of the product. Thus with the constant increase in the Clearing House's own funds, it is possible to foresee a gradual reduction in the deficit and, consequently, an achievement of balance between funds and expenditures by about 1990. This tendency reflects our firm conviction that the maintenance of price support constitutes a heavy financial burden which it will be difficult for the national budget to continue to support without damaging the country's general balances and development objectives. It also constitutes a squandering of funds which it would have been wiser to channel into investments and production.

With the same thing in mind and to reduce this squandering of our funds, which are limited, we will have to make a greater effort in the energy conservation sector. The rapid decrease in our energy surplus from one year to the next makes this action imperative. In fact, if consumption were to continue at the present rate, we could predict the total elimination of this surplus in a short time, within no more than the present decade.

To mitigate the disadvantages of this situation, it is indispensable for us to pursue a policy of gradual increases in the prices of energy products and gradual reduction of the price supports from which these products benefit, which at present amounts to about 250 million dinars. This will not only enable us to as much as possible avoid waste, estimated at about 10 percent of overall consumption, according to some studies, but also encourage utilization of techniques that will permit us to economize on energy and, consequently, to promote the development of replacement energy.

Therefore, a certain number of adjustments will be introduced at the level of energy product prices. Aside from these provisions, which are of direct interest to consumers, complementary measures will be adopted for the purpose of again promoting household financial savings, measures that we are now getting down to defining in terms of a global study we are conducting of our country's financial system.

In short, the purging of public enterprises, which is in an advanced stage of completion, will permit us to strengthen our possibilities for financing these enterprises ourselves and, through this, for increasing their contribution to the national savings effort.

There is no doubt that the introduction of the different adjustments to which I have alluded, whether they relate to the GNP growth plan, the sensible application of investments, control over consumption or the promotion of savings, will enable us to reduce the pressures exerted on the balance of payments and to balance our foreign finances.

In the growth plan the importance assigned those sectors oriented toward exports is such that it will produce a major renewal of exports of goods and services, calculated to experience an evolution on the order of from 10 to 14.5 percent (not including oil exports). As for the projected control of domestic demand, it will enable us to keep increases in imports at a level that is lower than that of the growth of exports (8 percent), the reverse of what is expected for 1984.

Through these measures it will be possible for us to contain the current balance of payments deficit within the bounds of 565 million dinars, replacing 8 percent of the GNP, or at a rate that is well below the 8.8 percent expected for this year. We will also be able to keep the volume of the foreign debt at the same level as this year in relation to the GNP.

We regard these pressures as being maximal in terms of both the deficit and the rate of indebtedness. All our efforts will be exerted to achieve the best results. Something that is not out of reach if we sincerely offer evidence of our determination, if all parties concerned are convinced of the necessity of seeing to it that what is essential prevails over what is important and that we succeed in implementing the different provisions and measures alluded to above. This will prove to be all the more possible inasmuch as there are other possibilities that can be exploited with an eye to limiting imports and renewing exports.

As I have indicated, these possibilities lie first of all in a resumption of the tourist sector, which will allow for an increase in revenue for next year.

They also lie in the achievement of better production in the farm sector, particularly in the cultivation of grains, meat and milk production, enabling us to reduce the present deficits for these products, which make imports amounting to almost 200 million dinars necessary.

Without a doubt the different measures that tend to strengthen the farm sector and give it the position it rightfully deserves in the country's economy, the creation of land development and exploitation companies and the encouragement of private investments will contribute to the creation of a climate that favors our chances of winning our bet.

These are, honorable Deputies, the chief characteristics of the plan for next year.

This plan takes into account the economic situations of our country and the world and its different elements are interdependent. In our eyes it constitutes the most effective means of improving the conditions of our economy,

quantitatively and qualitatively, and of gaining it a fair evaluation by the international economic agencies, one which could make it serve as a model for the developing countries.

Indeed, we must be bold and courageous to surmount internal and external difficulties! Thus, if, for example, we want to grant priority to employment among our options — and that is, of course, our primary objective! — we must work in terms of that objective and not be afraid to sacrifice anything that does not contribute to our achieving it.

Likewise, if we seek to preserve the credibility that is characteristic of our economy and to maintain it at the meritorious level it has fortunately attained, it is our duty to control consumption and promote savings so that recourse to foreign borrowing will remain within suitable limits.

Essentially, these are the basic elements we have taken into account in drafting the 1985 equipment and operations budgets, which I have the honor of presenting to you in terms of their chief characteristics.

Mr President of the Chamber,
Honorable Deputies,

I feel that it is my duty to remind you once again what I said from this rostrum on the occasion of the presentation of the Finance Law for the preceding years: to wit, that /today's rigor will spare us tomorrow's austerity/. Behind its concise form, this formula conceals a basic budgetary strategy.

Rigor is in fact a deliberate choice, a method for setting priorities by establishing a hierarchy and adjusting them in terms of the general interest of the nation.

Austerity, on the other hand, is a situation generally imposed by events, in which our freedom to choose is reduced to its simplest expression.

This is not a theoretical analysis of certain notions. /It is rather a responsible and vigorous appeal that I am making, through you, to the entire nation to bring about a collective awareness in keeping with the logic of our attachment to our fatherland. It is a matter of agreeing to make a few sacrifices now in order to benefit from great advantages later./

I take the liberty of insisting on this: The facts and experience teach us /that any country that opts for laxity and abandons itself to an irresponsible policy, even to a slipshod attitude, loses its freedom of initiative and its margin for maneuvering to in the end find itself subjected to an order that is imposed on it by others/.

As for us, we are aware of this fact. The structure and content of the budget proposal that I have the honor of presenting to this honorable Assembly also clearly show that we are resolutely committed to the path of budgetary rigor with an eye to the sound management of public finances.

To do this we have set ourselves three objectives, to wit:

1. Increasing mobilization of the state's own revenue to avoid any excessive recourse to borrowing.
2. Control over operational expenditures despite constraints and notwithstanding the already limited volume of these expenditures.
3. The tightening up of budget economy to increase the percentage of the equipment budget that is self-financed.

In connection with this, I take advantage of this occasion to urge officials of the parastatal and private sectors to follow the example of the government by imposing on themselves better budgetary self-discipline and greater control over expenditures, conditions that are necessary for collective mobilization for the purpose of achieving an overall and balanced development.

I now come to ordinary state funds. They are estimated at 1.885 billion dinars as against 1,634,500,000 dinars in 1984, thus exhibiting a growth rate of 15.2 percent. Realization of this volume of revenue will, however, only be possible by resorting to new measures involving both taxes (60 million dinars) and fuel prices (50 million dinars). Tax revenue will therefore still be the essential component of ordinary funds and its share will constitute 73 percent of the state's total ordinary funds.

The year 1985 will see new advances in the application of tax reform in ways that have been outlined in the Sixth Plan.

Without going into the details of this reform, from this rostrum I would like to strongly assert our political determination to gradually achieve fiscal justice, not only by means of the enactment of regulatory laws, but also and especially by means of a sustained and unrelenting campaign against tax evasion so that every citizen contributes to the financing of public expenditures in accordance with his real ability.

This approach, moreover, stems from our firm conviction that the tax system will only be able to provide the yield we count on if the tax burden is equitably distributed in a way that does not stifle initiative and creative imagination or discourage investment — that is, production — activities.

As early as in his prolegomena, Ibn Khaldoun said it: "It is tax revenue alone that enriches the state. Now, it can only be increased through the fair and equitable treatment of taxpayers. In such a way that people have hope for the future and are encouraged to make their capital productive: which cannot fail to increase the flow of tax revenue into the coffers of the state."

Therefore, with respect to direct taxes, the 1985 finance bill constitutes a new milestone on the road to the institution of a single tax on income through reduction of the license tax rate to the benefit of individuals and corporations.

Other measures have also been proposed to reduce the specific taxes certain agricultural products like grains, olives and wine grapes are subject to. And this is once again a confirmation of one of our fundamental options, to wit, the priority assigned the farm sector and improvement of farmers' income.

As concerns indirect taxes, we are working in accordance with the objectives of the Sixth Plan to gradually institute the VAT [value added tax].

Within this framework the first advances have already been made by subjecting certain sectors, like transport and public works, to the production tax; 1985 will see this tax extended to the tourist sector, which will constitute an important milestone in the execution of the plan.

Moreover, we must remember that the Sixth Plan retains a number of basic tax objectives, the strengthening of the means of fiscal control, so that every citizen contributes to the financing of public expenditures in accordance with his means and the real volume of his income.

To that end the finance bill includes certain measures that require economic and social institutions to convey to the supervisory services those elements of information that enable the latter to gain better knowledge of the income of certain taxpayers. These measures are in keeping with the need to make fiscal control a collective action in which all parties concerned participate, because of its quality of sacred duty and imperative right.

As concerns current expenditures, a special effort is being authorized for the purpose of controlling their growth, which will not exceed 9.2 percent in 1985, whereas it attained 23 percent in 1984. This effort will especially affect operational and price support expenditures.

Operational expenditures, that is, those that are necessary for the normal operation of the different ministries, will increase by 10.2 percent, including the financial impact resulting from the granting of the fourth installment of the wage hike benefiting secondary and primary school teachers, which amounts to 11.1 million dinars.

Therefore, the net increase in operational expenditures comes to 9.1 percent and it is essentially due to the need for meeting the needs of the social sectors, particularly the educational sector which will alone absorb 6,500 of the 12,000 jobs the 1985 budget proposes to create.

Furthermore, 52.6 percent of all operational expenditures as against 52.3 percent in 1984 are being allocated to the departments that are social in nature. The credits extended to these ministries will proportionately increase 10.8 percent in 1985 while the average rate of increase for all operational expenditures will be 9.1 percent.

This is how the maintenance of our basic options in the social sector checks out and will be specifically applied. Thus a stinging denial is inflicted on those who spread armchair rumors concerning a supposed reduction of credits allocated to the social sectors.

Structurally, the budget continues to be characterized by large appropriations for the remuneration of employees, representing 75 percent of all operational expenditures.

As concerns interest on the national debt, the appropriations that have been scheduled will increase from 130 million dinars in 1984 to 156 million dinars in 1985, thus exhibiting an increase of 20 percent.

This big increase for expenditures, moreover, that are obligatory in nature is the result of certain external factors, particularly the rise in hard currency exchange rates and at the head of the list the dollar rate.

From this rapid presentation it appears that the growing mobilization of ordinary funds, on the one hand, and the reduction of ordinary expenditures, on the other, despite the difficult choices this involves, will permit the consolidation of budgetary economy, the volume of which will come to 596 million dinars in 1985. Thus the amount of funds proper in the budget will be 641 million dinars, representing 57 percent of the volume of development credits for 1985, which will come to 1.126 billion dinars, taking into account opportunities for borrowing.

Borrowed funds may amount to 485 million dinars and their percentage of the GNP will in this case be maintained at their present level, 6.9 percent. These funds come especially from subscriptions to equipment bonds (in the amount of 255 million dinars), essentially effected by the banks and the National Savings Bank.

They are also provided by foreign loans amounting to 230 million dinars, 100 million of which in the form of loans on the international financial market.

Despite the fact that financial market funds are written into the budget, it should be noted that resorting to these funds will only be effective in case of necessity. It is in fact obvious that an increase in our own funds will render recourse to the international financial market useless. This has been the case for the current year, in which precisely the increase in our own funds relieves us of the necessity of resorting to this method of borrowing.

Equipment funds will be earmarked in the amount of 856 million dinars for investments, either directly or in the form of financial operations that benefit state enterprises. The remainder (270 million dinars) will be used to repay the principal of the national debt. Please refer to the figures on the handouts that have been distributed among you. You will find among them the distribution between the national budget, amounting to 1.106 billion dinars, and the supplementary budget for the PTT [Postal and Telecommunications Administration], in the amount of 20 million dinars.

As concerns direct investments on the basis of the proposed distribution, we note the considerable interest the government assigns regional development programs and employment, sectors which will in 1985 benefit from 122 million dinars in payment credits as against 90 million dinars in 1984, an increase of over 35 percent.

In an economic situation that induces us to rigor in our investments, as I have just explained, this policy of massive support for regional development and employment constitutes unimpeachable proof that the government has a firm desire to achieve integral development and a true balance among the regions.

Moreover, in order to further guarantee efficacy in the regional development program, we have increased the number of state participation actions while insofar as is possible adapting them to the problems we are facing.

Also, thanks to the investments on the order of 6 million dinars that have been allocated for it, the regular regional development program will continue to guarantee rural areas a minimum of services (drinking water, decent housing,...) in addition to the aid it provides for the creation of jobs and occupational training.

Moreover, in 1984 we launched the Rural Development Program (PDR), which is essentially aimed at the creation of jobs in the less-favored regions. The realization of this new program, which in 1984 benefited from appropriations amounting to 48 million dinars, is well underway following approval of the projects and the launching of operations by the services concerned.

We must stress the fact that these projects are focused on production activities, particularly in agriculture. Within the framework of the program we will go on to the drilling of 1,300 surface wells and 55 deep wells, the planting of trees over an area of 15,000 hectares and the creation of 3,000 hectares of irrigated land. We will, moreover, encourage the raising of cattle, sheep and goats through the creation of 17,000 hectares of grazing land.

In this sector particular attention has been devoted to the basic infrastructures that must figure among the production factors, the substance of the new program.

Among these infrastructures we note the improvement of nearly 560 km of local roads.

Avant-garde programs like this one now benefit from the interest displayed by development institutions, particularly the Arab Development Fund, which are inclined to substantially participate in the financing of integrated projects.

Aside from these two programs, the PDR and the Integrated Rural Development Program (PDRI), the government has not hesitated to launch another one relating to the employment of young people and their active integration into the country's economic life. In 1984 10 million dinars were allocated to this program in addition to the 3 million dinars allocated for the development of the desert regions.

Concerned with beefing up the regional development effort, we judged it to be useful to give local and regional authorities a chance to identify those solutions that are best adapted to the specific features of each region. To that end, we have entrusted the governors with the responsibility for selecting,

programming and carrying out the most appropriate projects. For is it not up to each of them, each top man, to see to the development of his region and collaborate with all of its active forces?

While waiting for the realization of the integral development that should provide us with enough permanent production jobs to assure us full employment, the state is constantly prepared to respond to job applications in the regions. It will do so either through the expedient of regional public works projects or within the framework of national projects, for which the 1985 budget provides a credit of 25 million dinars specifically destined for soil conservation and reforestation.

These are the main points of what we have agreed to name the Regional Development and Job Promotion Programs.

However, I would like to draw the honorable Assembly's attention to other actions that are no less important. Aimed at the same objective, they are being integrated into the programs of certain ministries, offices and national companies.

By way of example, I will first cite the improvement of rural roads, for which 40 million dinars are provided within the framework of a new project, and the construction of basic health centers, which will cost 3 million dinars. Then come drinking water supply projects, which are constantly multiplying in number and have covered most of the rural areas as well as the country's most remote regions. In connection with this, it is to be noted that the biggest projects will enable us to extend the network for the supply of drinking water to 750 villages at a cost of 92 million dinars. We must also mention the program to supply drinking water in the rural areas of the north-central region, which is peopled by less than 500 inhabitants, a program the cost of which will come to 20 million dinars.

To this action aimed at providing the country's different regions with basic equipment and facilities we should add the effort being made with respect to housing. In fact the Tunisian National Real Estate Company (SNIT) plans to build 8,000 rural housing units in 1985.

And finally, we note that other agencies are going to participate in the promotion of the rural areas. Thus the Special Agricultural Development Fund (FOSDA) will participate in the amount of about 37 million dinars. The Land Development and Improvement Offices, which at present cover nearly all of Tunisia, should, according to estimates, invest almost 45 million dinars.

The mobilization of such large means (structures, programs, credits) for the benefit of regional development offers proof that we are fully aware of the importance of the rural areas and of the appreciable role they play in the establishment of a balanced and harmonious society.

The government is determined to pursue these efforts aimed at assuring those citizens settled in the rural areas decent living conditions and sources of income.

I would, however, like to point out that, while the interest we have in regional development is growing, it in no way does so to the detriment of projects of national scope. As for these projects, they are also going to be strongly promoted next year.

Thus, with respect to our road infrastructure, the effort for the repair and modernization of the roads will be pursued. I will cite only the following two examples:

On the one hand, the realization of a project now in progress including 15 governorates and concerning the modernization of 774 km of roads.

And on the other, a project of about 10 million dinars aimed at completing the present road network.

With the pursuit of projects for the construction or extension of many fishing ports along the entire length of the Tunisian coast, 1985 will see the project for the construction of Tabarka Airport, designed to effectively contribute to the success of the integral development plan for the northwestern governorates, thrown open to international bidding. A million dinars will also be devoted to the pursuit of technical studies on the commercial port of Cap Serrat, the creation of which will strengthen this development plan that is as bold as it is ambitious.

Furthermore, the government is making sustained efforts to develop the South. In connection with this, I am pleased to announce that the opening to international bids of the project for the construction of the commercial and industrial port of Zarzis has permitted us to designate a contractor, who will start work on the project within the next few weeks. A project like this will, of course, not fail to provide new drive to the promotion of this region.

Moreover, anxious to ensure better coordination among the different development programs, the government has programmed exploitation of the natural resources of the South like the minerals to be found in the salt marshes of Zarzis, Adhibet and Shott El Jerid. Thus for the potassium plant in Zarzis, the economic study for which is nearing completion, the experimental study begun about a year ago has established the feasibility of this project and demonstrated that it will guarantee both self-sufficiency in potassium for Tunisia and the possibility of exporting sizable quantities. It will, therefore, be opened to international bids during the second half of 1985. This big project will be completed in two stages. First of all, we will build a first unit valued at 50 million dinars, which will go into operation in 1988 and will produce 70,000 tons of potassium a year. As for the second unit, its construction will be programmed within the framework of the Seventh Development Plan.

I now come to the national education, higher education, culture and information sectors. The credits that will be allocated for 1985 show a growth of about 14 percent, a rate of development by far exceeding the average growth rate of the economy budget.

These credits will serve to bring many programs to completion and to begin to implement new ones like the expansion and equipping of public and other secondary schools (for 11 million dinars), the construction of classrooms (6 million dinars), the construction in Tunis of the "Student House" (for 2.2 million dinars), which will be a sort of house of culture reserved to students with conference rooms, a theater, science and technology clubs, exposition halls, etc.

Some of these credits will be allocated for the construction of the Faculty of Human Letters and Sciences of Qairouan, work on which should begin soon on the occasion of Mouled during a ceremony which I will have the honor of presiding over in the name of the Supreme Fighter. Others will be allocated for the construction of a social sciences faculty in Jerba. It is estimated that the first group of buildings for the Qairouan Faculty of Letters will be ready by October 1985 and for the Jerba faculty by October 1986.

With regard to the training of young people, we are tirelessly working to apply the policy we have decided on in this domain since the advent of independence. It is within this framework that the considerable efforts we are making to quantitatively and qualitatively improve the services provided for young people fall.

As for sports infrastructure achievements, I will limit myself to citing two big projects:

The project for the construction of the "Youth House" in Tunis, the cost of which will come to 3 million dinars and which will be carried out in collaboration with the People's Republic of China.

And the Bizerte sports complex, the construction cost of which will come to 11 million dinars.

We plan to launch a grandiose operation soon, christened "Operation 1,000 Stadiums," which we have adopted on the occasion of "World Youth Year."

As its name indicates, this operation consists of the construction of 1,000 multipurpose stadiums in a large number of towns and areas located outside communal areas. These stadiums, in which the various sport disciplines will be practiced, will welcome at least a million young people who will engage in activities designed to inculcate them with a sound education, that is, manly behavior, a sense of courage and psychological, intellectual and moral balance.

We will soon begin construction of the National Library, for which I will lay the cornerstone next week.

This considerable achievement will be added to the important cultural facilities for 1985, such as the National Theater and the cultural complexes that are to be established in the different regions of the country.

As concerns agricultural projects, we should note that our efforts are continuing in the domain of irrigation with the construction of dams and the maximal

development of irrigated areas in order to optimally exploit water sources and to obtain the greatest benefit from the investments committed to this sector.

In connection with this, it is to be noted that continuous efforts are being made with respect to the exploitation of underground water in the southern part of the country, all the more so since the studies have demonstrated that the phreatic layers in this region are sizable in terms of both water reserves and expanse.

The importance our water resources in this area assume make of them the best means of fighting desertification, favoring the establishment of permanent settlements and settling young people on their ancestral soil. This is why for 3 years now we have not stopped expanding the equipment of the Water Well Drilling Company by assuring it the services of an ever larger number of giant drilling rigs, the desired objective being greater exploitation of the underground layers of water. As a result, the volume of water that is collected has considerably increased, thus attaining a rate of discharge of 3,750 liters per second at the start of the present decade, whereas the rate was only 1,900 liters per second during the past two decades. This is in addition to the numerous programs the agricultural development offices are planning to implement by means of the financial operations that I am about to present.

Thus 355 million dinars (as against 365 million for 1984) entered in the budget under the heading of financial operations will permit the government to pursue its decisive participation next year in the economic and social sectors through the expedient of the state enterprises.

In connection with this and to eliminate any misinterpretation, I intend to provide you with as many clarifications as may be necessary of the proposals for the utilization of these appropriations.

Nearly a third of the financial operation appropriations are being allocated to public institutions, regarded as an extension of the administration, precisely inasmuch as these institutions take the place of the administration in the implementation or maintenance of projects in the public interest like basic infrastructure, collective facilities and equipment, agricultural development and education. Of this type of institution I will cite, by way of example, the Employment Office, the Family and Population Office, the Investment Promotion Agency, the Sra Ouertane planning and research companies or the Zarzis Potassium Company as well as the agricultural offices and the National Office for Tourism.

The industrial and commercial nature conferred on these institutions is only a legal device that assures them flexibility in their management.

An appropriation on the order of 60 million dinars, or 17 percent of the total, will be allocated for the financing of the subsidy operations the government conducts for the benefit of sensitive sectors like agriculture (within the framework of the FOSDA, small and medium-size businesses (Fund for the Promotion of Cottage Industries and Small Trades and Fund for the Promotion of Industrial Decentralization and Tourism), specifically through the assumption of

responsibility by banking interests, and lastly housing (within the framework of the Program for Rural Housing and Elimination of Shantytowns).

[29 Nov 84 pp 6-7]

[Text] This is the continuation of the 1985 national budget proposal presented to the Chamber of Deputies by Mr Mzali in the name of the chief of state.

Financial operations include the appropriations allocated to the FOSDA, regarding which I wish to point out that they will go from 31 million dinars in 1984 to 37.2 million in 1985. As for the appropriation of "the special funds for supervised credits," it will go from 13.1 million dinars in 1984 to 17 million in 1985, it being specified that the total appropriation for the term of the Sixth Plan amounts to 170 million dinars as against 76 million for the Fifth Plan.

The loans granted by these agencies, to which must be added the rural development credits, are designed to develop the activities of small farmers by encouraging them to engage in stock raising and tree cultivation and to participate in the extension of irrigated areas. Within this framework, the projects completed in the governorates of Kasserine and Sidi Bouzid bear witness to the importance of this type of development program.

Thus the number of surface wells in the governorate of Sidi Bouzid rose to 4,000 at the start of the present decade as against only 1,000 wells for the past two decades. In the governorate of Kasserine this figure has gone from 1,000 to 2,000 in 4 years time.

The financial operations budget also provides for an allocation of 38 million dinars under the heading of repayment of credits contracted by the Tunisian Petroleum Activities Enterprise (ETAP), the National Railroad Company (SNCFT) and the National Ports Office for effecting investments that are really ascribable to state prerogatives.

We can also say that about 211 million dinars, or almost two-thirds of the financial operations proposed for 1985, are in fact being allocated for actions in the public interest which are within the jurisdiction of the government.

It follows from the above that these credits might largely have taken the form of direct investments if the government had not opted for the state enterprises instead of the administrative services in order to assure itself greater efficacy in its participation in affairs.

The remainder of the appropriations, 114 million dinars, may also be included under the heading of financial operations. They are in fact being allocated to institutions that are industrial, commercial and financial in nature.

The analysis of the distribution of these appropriations in fact shows that nearly 71 million dinars will be spent for the benefit of state enterprises like the SNCFT, the SMLT (Rapid Underground Transit Company of Tunis) and the SONEDE [National Water Exploitation and Distribution Company]. This action is not --

as one might be tempted to believe — aimed at covering some deficit, but rather at providing investments for projects in the public interest such as the rail transport infrastructure and the drinking water supply network. The SONEDE, for example, has good opportunities for self-financing. The purpose of the appropriations allocated to it is also to increase its investments so that it will be in a position to provide as many settlements as possible with drinking water.

The 114 million dinars also include the sum of 31.3 million dinars destined to cover the deficits of certain enterprises, more specifically the mining and transport companies. It is, however, important to note that the expenses incurred by the government in this domain fall under the heading of the social policy aimed at preserving employment in the mining sector and keeping public transport within reach of Tunisian citizens. Set within this framework, these expenditures are therefore only forms of social transfer.

Objectively viewed, it thus appears that these operations do not — as some might think — represent the price of poor management in the state enterprises. Most of them represent investments the state effected through the agency of these enterprises with the aim of boosting the country's development program.

I must in connection with this remind you of the importance of the state enterprises to the Tunisian economy. They produce nearly a fourth of the GDP and implement over a third of all investments. Moreover, they figure among the ranks of the biggest exporters and importers. The state enterprises have contributed to the creation of a large number of jobs, have been behind technological gains and have made possible the emergence of a generation of competent young managerial personnel. They permanently constitute an essential foundation of our country's economic structure.

The government will certainly continue to see to it that reform of the state enterprises is carried out. When the 1983 budget was presented, I announced to this honorable Assembly that the government was engaged in establishing a listing and a classification of these enterprises by taking into account the rate of state participation in their capital stock and their categories. I, moreover, indicated that an exhaustive study of their situation would make possible the implementation of a number of reforms contained in the Sixth Plan and relating to control, the exercise of [state] supervision and management.

Today, we have not only completed these studies, but we have also drafted the texts and decided on the measures likely to translate the desired reforms into deeds. The studies have defined three focal points about which the reforms will be articulated:

The reexamination of the management methods of the state enterprises and exercise of the state's supervision of these enterprises.

The purging and reorganization of certain state enterprises.

The establishment of a single procedure for the conclusion of transactions by the state enterprises and control over their execution.

As for management and the exercise of supervision of state enterprises, it has been ascertained that the number of enterprises subject to the direct supervision of the state has sometimes because of their importance hindered the serious exercise of this supervision.

We have also thought of reducing the number of enterprises that have to be under the direct supervision of the state in order to preserve all its usefulness and effectiveness for this guardianship. It is with this in mind that we have proposed a distinction between two types of state enterprises. The first of these, which are to remain under direct supervision, are those in which the state retains at least 34 percent of the capital stock. As for those other state enterprises in which the state only participates indirectly in the capital stock, we felt it preferable to free them from the direct supervision of the state and subject them to that of the parent enterprises, such as the development banks and sectorial groups, considering the fact that these participate directly in the capital stock and are therefore capable of being more familiar with the situation and of following activities closely.

Now this measure requires a reexamination of the state's rate of participation in the capital stock of the state enterprises in accordance with the following plan:

Either the state subscribes to an increase in its holdings to attain at least 34 percent of the capital stock in the case of the enterprises it feels it is necessary to keep under its direct supervision because they belong to a strategic sector or are particularly important both economically and socially.

Or the state unburdens itself of its guardianship to the advantage of the development banks or parent enterprises in the case of those enterprises belonging to a nonstrategic sector.

These are the general lines of the reform of the exercise of state supervision that is to be introduced. As for management, the government believes in the need for reconsidering the composition of the State Enterprise Administrative Councils and their means of action for the purpose of enabling them to fulfill their role more effectively.

Along these lines, it has adopted the principle of a distinction within the state enterprises between the functions of general manager and chairman of the board. Therefore, the general manager will be able to devote himself entirely to the execution of the policy decided on by the board while the chairman of the board will be relieved of management problems and be free enough to consider the general interests of the enterprise and to see to it that the programs outlined with the authority of the guardianship are carried out.

However, reform of the guardianship and reorganization of management in the state enterprises will not be enough as long as they are not reinforced by a decisive improvement in the management of funds and assets. This is why we must undertake a radical reconsideration of the methods of financial and technical control employed by the state and in future see to it that supervisors

and auditors are provided with the material and moral means likely to permit them to perform their missions under the best conditions.

To that end a bill that has been submitted to his honorable Assembly contains all the proposed reforms, reforms which we will have an opportunity to examine in detail when we discuss this plan.

The second focal point has to do with the need for purging and reorganizing certain state enterprises. It is in fact obvious that it will be impossible to undertake reforms in these enterprises without first reorganizing them and improving the situations they are in so that they can best perform the tasks they are assigned.

A national committee for the purging and reorganization of the state enterprises has also been formed. Its mission is to study reports with regard to purging and present proposals to the government. These reports will have been examined beforehand by the subcommittees formed at the level of the ministries in question.

The third focal point about which this reform will be articulated concerns the regulation of transactions conducted by the state enterprises and the method employed for supervising these transactions.

Actually, up to now there has been no unified procedure for concluding transactions. Moreover, these transactions have not been subject to well-defined supervisory structures.

The government has undertaken to draft a bill for the state enterprises that establishes a clearcut and unified procedure for concluding transactions and deals with the creation of transaction committees to which all transactions will be submitted prior to their conclusion at the levels of the state enterprises themselves, the supervisory ministries and the prime minister.

These are the general lines of the 1985 national budget, a budget that comprises the programs retained by the government for the purpose of reliably and effectively contributing to the realization of the nation's objectives and aspirations.

If we succeed in safeguarding the desired balance and applying the measures that have been submitted for your evaluation, it will be possible to assert that the budget is certainly a positive factor since it will permit us to guarantee the country's financial and overall economic equilibriums. It will, therefore, be an effective means for advancing our country down the path of progress with greater assurance.

The qualitative and quantitative data that I have just presented you with constitute both a balance sheet of our achievements during the first 3 years of the Sixth Plan and the program which we want to implement in 1985. They again bear witness to the fact that people continue to be the foundation and the goal of our development program, which is aimed at ensuring greater prosperity for our society and more progress in terms of civilization.

It is precisely this that prompts me to review, even if only cursorily, certain domains that seem to me to be vital to the maintenance of our society's equilibrium and its interactions with the world and contemporary problems.

I will dwell first of all on the domain of education and teaching, in view of the importance I assign the educational program as a foundation for the overall development effort. I am also going to without further delay sketch the general outlines of our educational policy, which is progressive in nature.

In the domain of education and teaching the government has firmly decided to pursue the effort in conformity with the orientations set by the Supreme Fighter. It is a matter of guaranteeing the up-and-coming generations equality of opportunity, of enabling Tunisian youth, young women as well as young men, to profit from the benefits of teaching and acquire an intellectual and spiritual education, deeply rooted in authenticity, open to the civilization of our times and capable of enabling them to participate in the nation's active forces, in the gigantic efforts we — all of us together — are making to achieve the integral development of our country.

On this point I will insist on underlining the actions the government is ceaselessly undertaking to extend the network of schools in all the regions of the republic. It is at the same time taking care to provide them with indispensable facilities and equipment to constantly ensure their maintenance and facilitate operating conditions in them.

In connection with this, I would like to mention the meritorious activities of the Office of Housing for National Education System Personnel. Scarcely 2 years after its creation, this office can now guarantee decent housing in the secondary and other schools they work in for 2,000 teachers. The construction sites it has initiated in the country's different regions have permitted the creation of 6,500 jobs.

Furthermore, the government is constantly working to improve the quality of the teaching that is provided and to introduce desirable innovations.

Thus supervisory personnel have been reinforced through an increase in the number of inspectors and teaching advisors in order to improve the staff level of teachers and professors. In this way they are being helped to suitably assume their missions and to surmount the problems and difficulties they encounter.

The network of training centers also continues to be extended for the purpose of reinforcing the basic structures and improving the conditions for organizing retraining and training programs for the benefit of teachers and professors, on the one hand, and administrative personnel, on the other. The number of these centers now comes to 12 and the programs that have been organized have combined 25,000 primary school and over 5,500 secondary school teachers.

I now come to educational system reform and its evolution, an issue I raised before you last year and which has to do with the implementation of the basic school project. The national committee charged with studying this project

and its implications (conception of the educational system, identification of indispensable facilities and equipment, evaluation of necessary personnel and credits) has just completed its work. In the months to come the government will have to examine the reports and documents presented by this committee.

Let me again add a few words about these two projects to which I personally assign great importance and on which I base great hopes:

1. Launched on the initiative of the Supreme Fighter, the first project concerns the institution of a third pilot secondary school following the Bourguiba Secondary School and the Ariana Secondary School in which teaching is conducted in English.

This involves a secondary school for sports designed to accede to the hopes of young athletes — girls and boys — for the purpose of giving them an opportunity to methodically and effectively train themselves in the different sport disciplines (individual and collective) while allowing them to pursue their secondary school studies under adequate and encouraging circumstances. Officials in the Departments of National Education and Youth and Sports are at present working to get this secondary school's administrative and teaching organization into final shape, since the school will open its doors at the beginning of next year.

2. The second project concerns the opening of the environmental school. We should bear in mind here that the principle of opening an environmental school has been advocated more than once. But for many years it remained a pious wish until 1977-1978 when I had the honor of launching the project for the seventh and eighth years of primary education as well as of linking vocational and technical education in the secondary schools with productive work, the specific requirements of the environment and industrial training.

Since it has been applied, this reform has permitted us to confer remarkable drive on our educational system, which is especially characterized by:

1) The transformation of most of the primary schools into as many centers of radiation and meeting places favorable to exchanges of experiences and abilities.

Citizens can visit them and on the spot judge for themselves the experiments that are engaged in to learn from them. As for the pupils, they have opportunities to make study trips to the fields, farms and factories.

2) The creation of school associations directed jointly by pupils, teachers, parents and representatives of the national organizations. These associations have as their objective the promotion of manual labor and the development program in the schools. They aim at guaranteeing themselves self-sufficiency in maintenance, construction, equipment and investment. They also aim at launching new projects in these schools themselves and outside them.

3) The gradual opening of new prospects to pupils graduating from primary education. It is actually a matter of making this level of education more flexible so that it orients the pupil rather than excluding him and permits him either

to go on to secondary school or to one of the training centers or to directly participate in economic and social life. Is not the best proof of the success of this experiment the reduction in the repeat rate at the end of the primary school term? At 26 percent during the year in which the project was launched (1977-1978), it was brought down to 16 percent in 1982-1983.

4) The effective diversification of the specialized fields at the level of secondary technical education through elimination of the sections rendered superfluous by environmental imperatives and replacement of them with new sections imposed by the concrete realities of this environment and the demands of development. This operation will be effected each time it proves to be necessary to revise the status of the specialized fields in the concern for a better match between training and employment.

5) The gradual conversion of technical colleges and vocational schools into development companies on condition that their teaching and training character be preserved. Subject to production laws, these companies could, to promote themselves, conclude training and employment contracts and participate in bidding as well as economic markets.

In connection with this, my satisfaction was great when I read in some dailies the reports about the initiative assumed by a secondary school in concluding a bargain with the Office of Housing for Ministry of National Education Personnel by the terms of which it pledged itself to participate in the construction work on a building to be used for housing, assuming responsibility for putting up the interior partitions, attaching the sheathing and doing the carpentry, mechanical installation, electrical work, plumbing, painting and solar energy heating.

My fondest wish is that other schools fall into step with this one and let themselves be inspired by this laudable initiative.

Mr President of the Chamber,
Honorable Deputies,

If the government has been able to realize these achievements, it is thanks to the contribution of the entire teaching faculty and its constant efforts.

It is particularly gratifying for me to take advantage of this opportunity to express to them my feelings of high regard for their devotion in accomplishing their mission.

And it is in recognition of the services they are ceaselessly rendering our fatherland that the government has insisted on raising their salaries and improving their standard of living.

The raising of salaries, which became effective as of January 1982, will by the beginning of 1985 total:

111,500 dinars for holders of secondary and higher education teaching credentials.

106,000 dinars for secondary school teachers.
85,500 dinars for first study cycle teachers.
68,000 dinars for secondary school instructors.
58,500 dinars for secondary school coaches.

As concerns primary education, all increases will by the beginning of 1985 amount to:

85,000 dinars for instructors.
100,500 dinars for instructors teaching in rural areas.
68,000 dinars for elementary school teachers.
83,000 dinars for elementary school teachers teaching in rural areas.

For monitors these increases vary from 56,000 to 85,500 dinars.

I now come to the cultural sector.

There is certainly not a single Tunisian, no matter what his cultural or intellectual level, who can deny the gigantic advances Tunisia has achieved in the domain of culture.

These advances which, in the opinion of observers, really surpass our material potential are the fruit of judicious planning, tireless determination and a constant search for ways and means of achieving our goal.

As you know, particularly these past few years, we have undertaken to assign culture the eminent position due it, all the more so since for a long time it had not benefited from all the consideration and interest it deserves.

We have thus devoted ourselves to integrating culture into the country's economic network in view of the interdependence of the different sectors of the nation's political, economic, social and cultural life. We have also done this as an expression of the idea that culture constitutes one of the principal dynamic factors in life because it develops talents, stimulates energies, refines taste and confers on man a training likely to enlarge the horizons of his knowledge and offer him the opportunity to govern his environment as he wishes, in his own interest and in the interest of his fellow men.

As for improvement of the basic cultural facilities and the installation of essential equipment, we must underline the importance of the December 1982 law. It has been favorably received by a large number of men of good will who have grasped its scope and objectives. Thus the creation of new enterprises, no matter what their nature, must be accompanied by the establishment of cultural facilities within the enterprises themselves. Moreover, there can be no plan for the creation of new enterprises that does not obligatorily include mention of the planned cultural facilities and equipment.

In the domain of the training of personnel the Ministry of Cultural Affairs has conducted commendable efforts to create training schools like: the Higher Institute for Music (ISM), whose articles of incorporation were published in August 1984 and which trains specialized administrators; the Institute for the

Training of Cultural Promoters (IFAC), frequented today by holders of bachelor's degrees and aimed at promoting cultural development in view of its decisive role in enlivening our cultural life; and lastly, the Higher Institute for Dramatic Art (ISAD), whose mission consists of training a generation of young people experienced in the fourth art at both theoretical and practical levels.

As concerns intellectual and artistic creation, it would be tedious to allude to all the aspects of the so very important role the Cultural Development Fund guarantees for the support of creative individuals in the different cultural domains. Aside from assuming responsibility for the different cultural manifestations (festivals, symposiums and seminars), this fund has contributed to the financing of creative efforts in the domains of music, theater, the plastic arts and literature. Through it a new drive has been created, marked by the restoration of confidence, stimulation of a spirit of initiative and encouragement of creativity and innovative effort. In this way our cultural and intellectual life has recovered all of its momentum.

In the field of health it is no exaggeration to say that our policy will permit us to realize most, if not all of the objectives of the Sixth Plan.

I will first discuss the question of principles. We have confirmed our option of the country's maximal coverage through integrated basic services that not only provide care, but also ensure prevention and activities that are educational and provide a healthier way of life.

There will thus be 750 center throughout the country that will ensure these activities. Thirty-nine centers have already been in operation in 1984 and 20 others will be built in 1985.

At the same time we have developed hospital facilities. In 1985 hospitals will be opened in Jerba, Kasserine, Sfax and Habib Thameur in Tunis (a total of about 3,000 new beds).

As a result of the opening over the past 2 years of hospitals in Jendouba, Mahdia, Medenine and Gabes, all the governorate capitals now have large hospitals in which citizens may receive all kinds of care.

We have pursued our effort of equipping and upgrading existing hospitals, which has enabled us to in particular operate the Cardiovascular Surgery Department in Sousse, the Ophthalmology Department at the La Rabta Hospital, etc.

Emergency centers provided with modern equipment will also be opened during the first months of 1985 in Tunis (2), El Jem, Enfidha, Tabarka, Nabeul and Menzel Bourguiba.

In the field of personnel training our four university faculties each year guarantee us nearly 400 doctors and 70 pharmacists.

With a quota like this, all the regions will have general physicians by the end of 1985 and the rate for all the regions will be 1 doctor per 4,000

inhabitants. On the other hand, the insufficiency in the number of medical specialists is still considerable in all the regions. We are redoubling our efforts to improve the situation.

The training of medical specialists requires a minimum period of 4 years. It will not be before 1988 that our needs will begin to be met since it is estimated that the country will have 1,000 medical specialists by then.

To permit all these structures to function, we have decided to implement our policy of regionalization and decentralization.

At present 13 regional directorates are operating with extended powers. Following those of Gabes, Medenine and Sidi Bouzid, created in 1983, the Regional Directorate of Kasserine was established in 1984; Qairouan will have its own in 1985.

In terms of results, our health policy has chalked up impressive figures, like the drop in the infant mortality rate and in the death rate in general or the increase in the life expectancy rate.

While waiting for the state to be in a position to respond to the demands of citizens and ensure, in accordance with their wishes, the presence of doctors, the provision of medicines and quality care, it should be emphasized that our financial efforts are enormous, considering our potential, since 5 percent of the GDP is spent on health in the form of direct action and 35 percent of budget credits are allocated to public health in general (hygiene, sanitation, social transfers, ...).

This financial burden can only increase because health needs have no limit and citizens are demanding more and more care. The objective is, therefore, to make optimal use of all the means available to us. This is why we have adopted several measures to improve the management of our health facilities.

However, health costs cannot be allowed to continue to be the responsibility of the state alone. Other partners will have to intervene and participate in these expenses. The welfare agencies and Social Security must be reorganized so that they intervene more effectively, with the contribution of all parties concerned.

Mr President of the Chamber,
Honorable Deputies,

Concerning foreign relations, our policy, which has always been marked by clarity, is based on cooperation with brother countries and friends. We have seen to it that all countries, in the East as in the West, pledge the Republic of Tunisia consideration and respect. To achieve this, we have adopted a line of behavior that excludes any hostile attitude toward other countries and any interference in their internal affairs. Our permanent concern has been to respect international law, to seek to establish mutual understanding among brother countries and, thanks to dialogue, to try to put an end to differences of all kinds.

Thanks to the wisdom of the Supreme Fighter, who ceaselessly enlightens us and shows us the path to follow in our relations with other countries, we have been able to open new vistas in the direction of our desire to establish ties of friendship. This tendency has particularly manifested itself within the framework of the development of the cooperation hoped for among the countries of the south and it clearly appears through the budget estimates of some ministries, more specifically the Ministries of Foreign Affairs and National Economy.

If we have been able to realize these major economic and social gains, reinforce Tunisia's brightness on the Arab North African, Arab and international scenes and strengthen our relations with our brothers and our friends and expand our horizons, it is thanks to the very perspicacious and pertinent directives of the Supreme Fighter, who has guided us along the path of clear conception and effort. We have also been able to achieve these gains despite the grievous events the country experienced in the beginning of the year, which in the eyes of some was going to rock the foundations of the state and make the nation lose its gains. But the genius of the Supreme Fighter, President Habib Bourguiba, and his shrewdness, Tunisians' unfailing attachment to his person and our people's constant, vigilant awareness have enabled us to give the lie to the dreams of those fishers in troubled waters who have seen their sordid maneuvers turn against themselves.

Confidence in the regime has been built up and the government has pursued its political action and its development effort in conformity with the directives of the chief of state. The global reform the government has employed to generalize and get to the bottom of things has figured in the forefront of this action since the Supreme Fighter was kind enough to charge it with implementing his popular, avant-garde policy, which is aimed at guaranteeing the foundations of the desired balance between the generations, among the different social categories and among the regions. If it has not yet been possible to complete this noble task — which we fully assume responsibility for in the context of our constant concern for the future of this society — it is because the business of reform is loath to let itself lapse into the hastiness that engenders improvisation. Moreover, reform is a long-term and far-reaching affair that seeks to stem the causes of intellectual underdevelopment and to get rid of the burden of prejudices that are so prejudicial.

In our country the reform policy we have applied accompanies a policy of openness and dialogue which has now gotten through important phases on the road to the consolidation of democracy and the establishment of a state governed by law. In connection with this, it is important to state that, in spite of the fact that it could entail negative implications, this option we are continuously engaged in demands of everyone, in terms of our political code of ethics, that he accord priority to our national interest.

On this subject, I would like to observe that our democratic option is essentially based on the concept of participation. First of all the participation of all our social partners in the benefits of our development effort. But also their collective participation in the efforts to be made to realize this development!

This year the government has tenaciously pursued an open and responsible dialogue with all political and intellectual families as well as with all our social partners.

We are determined to pursue this dialogue and to ceaselessly create a climate that favors calm and the establishment of true social peace.

We are just as much determined to act in such a way that our country will offer a concrete illustration of coexistence between democracy and socialism. A responsible democracy without which there is no dignity for the citizen and a socialism with a human face which involves the effort for production and the increase in production that social justice demands and which rejects exploitation, no matter where it comes from. In this way our country will provide a living example of the battle man is waging for prosperity, a spirit of tolerance and dignity.

11,466

CSO: 4519/45

AMBASSADOR IBRAHIM MOKTAR ON EXPANDING ROLE OF SDAR

Maputo NOTICIAS in Portuguese 23 Nov 84 p 1

[Article by Mario Ferro]

[Text] "The next phase of the diplomatic battle among the Saharan leaders is the admission of the SDAR [Saharan Democratic Arab Republic] as a member of the Nonaligned Movement and the UN," Ibrahim Moktar, ambassador of the SDAR, accredited in Maputo, told NOTICIAS. The diplomat described the 20th summit meeting of the OAU held in Addis Ababa as a victory for the African continent, "in view of the 2 years of inactivity which resulted from constant maneuvers by Africa's enemies." In the ambassador's opinion, that victory was aided by the admission of the SDAR as a member of the organization and the subsequent participation of a government delegation from his country in the deliberations of that meeting. Ibrahim Moktar attached considerable importance to the contribution made by the People's Republic of Mozambique, and particularly by President Samora Machel, to the realization of the 20th summit meeting and the SDAR's admission into the UN. The ambassador asserted that "the SDAR symbolizes the maximum aspiration of our people for freedom and independence."

He stated that in the past year there has been a dramatic change in Western Sahara's military, political and diplomatic situation. A total of 59 governments have recognized the existence of the SDAR, 30 being on the African continent, 15 in Latin America, 5 in Oceania and 9 in Asia. Until now, no European country has recognized the SDAR, even though the POLISARIO Front maintains relations with various communist, socialist and social-democratic countries on the European continent.

"Now is the time for all countries to recognize the SDAR. Many governments had maintained that the Saharan conflict should be resolved by the OAU inasmuch as it is an African problem. With our participation in the OAU, the matter is resolved. Whether the countries be socialist or capitalist, they now have the right and duty to recognize the SDAR," the Saharan ambassador in Maputo stated.

The African victory to which Ibrahim Moktar is referring is the other side of the coin. Although, on the one hand, contrary to Morocco's intransigence in accepting the solution of the Saharan conflict, most of the African states were able to place the interests of the continent and the existence of the OAU itself above all else, thus restoring the legality of and respect for the organization's charter, the Moroccan regime appears, on the other hand, to be increasingly isolated from the African and international scene.

"According to statements and threats made by Moroccan spokesmen, we now fear a military escalation by Morocco, not only against the SDAR but also against neighboring countries. This is the political logic of the colonialist," the Saharan ambassador said. He then went on to say: "When he feels himself increasingly isolated and on the brink of final defeat, the colonialist redoubles his aggressiveness and resorts to military ventures."

Such a position is not a proof of a regime's strength; rather it is an indication in this case that Rabat's regime is powerless, weak and isolated. The only alternative which it hits upon is to engage in direct negotiations with the Saharan Government in response to the OAU's Resolution 104.

Primary Objective: Solution to the Conflict

Without a solution to the Saharan conflict or, in other words, without the withdrawal of the Moroccan forces from Western Sahara, there cannot be a viable cooperative plan for northwest Africa.

The Saharan ambassador then remarked: "We are cooperating with all countries on a sound basis, but we cannot accept the plan of Greater Maghreb as a regional grouping identical to that of the SADCC [Southern African Development Co-ordination Conference] or of the CEDFAO [as published - possibly ECO was intended] unless Morocco leaves our country."

Ibrahim Moktar asserted that Morocco has no political desire to resolve the problem. On the contrary, it has engaged in numerous maneuvers to perpetuate Morocco's colonial domination of Western Sahara.

The Saharan ambassador then declared that not even the alliance agreed upon by Morocco and Libya can deter the desire for independence and freedom so strongly felt by the Saharan people, and this despite the fact that the Libyan leaders have withdrawn all military and economic support from the POLISARIO Front.

"The Saharan conflict is an African problem," Ibrahim Moktar said in explaining his government's refusal to discuss the question on a strictly Arab level. In the opinion of the Saharans, the conflict should be discussed in the OAU and UN.

The Saharans have only one contention--namely, that the conflict is a direct one between Morocco and the SDAR; the Moroccan regime invaded Western Sahara, occupying part of its territory for military purposes and using a colonialist policy. The solution lies in the OAU's peace plan, that is, in Resolution 104 which calls for direct dialogue between the governments of the two countries.

"We have expressed our desire and will to help Morocco bow out of this war," the Saharan ambassador in Maputo said; and this desire has been substantiated by many appeals made by the SDAR government to the Rabat regime and its allies to begin the dialogue.

Military Defeats

The Moroccan regime has come up with a defensive strategy to enable it to remain in Western Sahara, and this has been done with the help of the United States and France. The military strategists of these two countries suggested the erection of "defense walls" protected by highly sophisticated electronic radar systems and mine fields.

Ranging from 3 to 4 meters high, the walls were constructed with sand throughout the Saharan territory, from north to south, over a distance of about 1,000 km. The objective of the "defense walls" was to prevent soldiers of the People's Army of Liberation of Western Sahara from infiltrating the Moroccan lines, thus assuring the presence of the Rabat regime in Western Sahara.

In October the Saharan Armed Forces carried out a major military offensive against the colonialist forces. Termed as "Greater Maghreb," this generalized offensive was aimed at militarily defeating the foreign occupying forces. According to Ibrahim Moktar, the first operation occurred on 13 October. About 15 km of "defense wall" were destroyed by the Saharan forces.

"We opened a breach and penetrated the enemy's defensive lines," the Saharan ambassador in Maputo said. "Furthermore, the People's Army of Liberation of Western Sahara can attack the wall and penetrate the Moroccan lines at any time and in any place." In his opinion, the strategic concept of an insurmountable barrier was shattered.

8568

CSO: 3442/118

BRIEFS

IRANIAN REFUGEES LEAVE FOR CANADA--Baghdad, 31 Dec (INA)--A new group of Iranian refugees who had escaped from Iran left Baghdad for Canada today after coordination between the Iraqi authorities, the International Committee of the Red Cross, and the Canadian Embassy in Baghdad. In a statement to INA today, an official spokesman for the Foreign Ministry said that this arrangement, which is not the first, is in harmony with Iraq's course which respects its commitments and pledges. Iraq's stand stems from its genuine behavior based on divine values and international norms and charters. The spokesman asserted that Iraq still adheres to its commitments to offer the best services and care to Iranian refugees fleeing from the Iranian regime's brutality and intimidation which contradict with the real and tolerant Islam as well as international laws and norms. [Text] [Baghdad INA in Arabic 1240 GMT 31 Dec 84 JN]

CSO: 4400/60

PHALANGIST VICE PRESIDENT INTERVIEWED

NC301032 Beirut MONDAY MORNING in English 24-30 Dec 84 pp 40-43

["Text" of interview with Lebanese Phalangist Party Vice President George Sa'adah conducted in Arabic last week by Reporter Rima Salamah]

[Excerpts] [Salamah] Hardly a day passes without a security breach. How do you explain this?

[Sa'adah] These breaches will naturally continue, for as we have seen from the tragedies of the last ten years, there are people who benefit from the unstable situation, and wish it to remain so. You feel that everytime the situation calms down in Lebanon, they work on disrupting it again, in order to ensure their continuing gains. This, in addition to external interferences, is the explanation of what is happening.

Thus anytime two Lebanese leaders meet, and despite their different political views, they always reach an agreement. Yet as soon as this is done, the security flares up again, either because of the Lebanese "profiteers" or because of the external factions, and both groups have a mutual affinity to each other.

[Salamah] The situation in Iqlim al-Kharrub is very unstable. Do you expect a disaster there?

[Sa'adah] The situation in the Al-Kharrub is extremely sensitive. But contrary to what I just said, the problem there is a purely Lebanese one, and a solution to it could have been reached. But as it is, the Al-Kharrub is subjected to several external interventions, and some of the fighters there are simply agents of the foreign powers that toy with our destiny.

[Salamah] What is the exact position of the Phalangist Party concerning the developments in the Iqlim, and what does the party consider the appropriate means to deal with the situation?

[Sa'adah] From what the (Phalangist) Party saw and experienced, we have reached the conclusion that there is only one solution, the "authority." The authority must spread its sovereignty over all the Lebanese areas, especially the Al-Kharrub. Hence we were swift to approve the security plan which provides

for the deployment of the army in the Al-Kharrub, and makes it responsible for the security there.

[Salamah] Is there any understanding between the Phalangist Party and the Amal Movement on the plan to open the coastal highway?

[Sa'adah] Yes, I think there is a rapprochement between both parties on this issue, since the Phalangists view it from a national stand. It is unacceptable that the country remain torn to pieces, with some citizens unable to return to their own areas. I also believe that the security plan is the only means to link the people of the South and Al-Kharrub with their land and homes. This is why we approved and supported this plan, and I think that these are the basic reasons which drove Amal to agree to the security plan.

The rapprochement between the Phalangists and Amal was on the security plan that links the south to the rest of the country.

[Salamah] How long do you think the security plans will remain ineffective?

[Sa'adah] This question is very pertinent, since you speak of plans, not one plan. Because the plan changes, and the one that was agreed on has split into a number of plans.

Till this day, we still hear of amendments to the plan, or that this party agrees to it while the other rejects it. At different stages, all the parties have agreed on the suggested plans, only to change their minds later. Now it is said that all the concerned parties have agreed on a plan which will be implemented soon. We just hope it will.

[Salamah] How would you describe the Syrian stand in Lebanon, and do you think they are with one group against the other?

[Sa'adah] Syria's relation to Lebanon has changed over the years. There are times when the Syrians agreed with all the Lebanese parties, and others when they disagreed with everyone, to the extent that every Lebanese group has had at one time good or bad relations with Damascus. Today, however, we all approve of the Syrian initiative, and the Phalangists are among those who favor direct contacts with them, and their support of the authority.

Today, Syria has taken full responsibility of solving the Lebanese crisis, and we ask her not to present any obstacles, or stand with one group against the other. We want Syria to be against all those who obstruct the solution, and to support those who seek to facilitate it.

[Salamah] Some say that the powerful regime in Damascus reflects negatively on Lebanon. How do you explain this?

[Sa'adah] The issue is not one of a powerful or weak regime in Syria. It is the issue of conformity of all factions to the current situation. Preparations are being made in Syria, and the media inform us daily that the Syrian Government has decided to help Lebanon, since the Lebanese cause has and will exhaust the Lebanese and others alike if it is not solved soon.

The Syrian regime has been the same for many years, yet Syria's attitude towards Lebanon has often fluctuated, regardless of the power or weakness of its regime.

[Salamah] How do you evaluate the Al-Naqurah talks?

[Sa'adah] The negotiations are by fits and starts, and each party is trying to secure more benefits. The problem is that the Lebanese regime, and the Lebanese in general, lack the freedom to make a decision which they see as adequate, since there are many external parties interfering at the talks. Israel imposes certain conditions which Lebanon cannot accept, and which Syria may also refuse for its own security.

Lebanon has the first and final word at the negotiations. Once this is understood by all the parties, the task of the Lebanese negotiator would be so much easier, and he would be free from restrictions.

[Salamah] It is said that 1985 will see the end of the Lebanese and regional crises. What do you think?

[Sa'adah] Well, I hope so.... Although the general indications are to the contrary, especially if we link the Lebanese crisis to the regional one. Yet if we separate both crises, the conflict will be prolonged.

[Salamah] How do you see the future of the Phalangist Party after the death of its founder?

[Sa'adah] This question should have been asked a couple of months ago. It is clear today that there is a general and complete agreement in the ranks of the party. There may of course be differences in opinion, since the Phalangist Party is a democratic one. However, whenever a decision is announced, all party members abide by it, without exception.

There is absolutely no fear for the future of the Phalangist Party. It has passed through various stages of history, and has proved since 1936 to be a united and uninterrupted party.

[Salamah] Do you expect the national unity cabinet to resign?

[Sa'adah] If the cabinet resigns, it would not be worthy of its (national unity) title. Anyway, resignation of the cabinet is out of the question until it fulfills its promise, which it has not done yet.

[Salamah] How do you explain the absence of Minister Walid Junblatt from this "national unity" government?

[Sa'adah] I have just said the cabinet has not proved yet that it is one of national unity. As to Junblatt's absences, these are foreign to the democratic system in Lebanon. In democratic systems, ministers discuss their opinions inside the cabinet, not outside it.

[Salamah] Do you think there is hope of speeding up the work of the cabinet?

[Sa'adah] I hope so. If the security plan fails, despite the various changes brought to it, this would bring about different issues.

[Salamah] What does the Phalangist Party suggest as the formula for the future Lebanon, and do you think the 1943 formula has collapsed?

[Sa'adah] Let me tell you first that "clinches" are not my cup of tea. But about the 1943 formula, its contents and whether it has collapsed, well, the 1943 formula has its built-in disadvantages.

However, it calls for coexistence between the majority and minority, and this is why we support it. Lebanon is a mixture of different religions, and these religions must preserve their rights and structures. This is the formula we call for.

CSO: 4400/60

LEBANESE COMMUNIST PARTY STATEMENT REPORTED

JN291617 Damascus SANA in Arabic 1345 GMT 29 Dec 84

[Text] Beirut, 29 Dec (SANA)--The Lebanese Communist Party Central Committee has expressed its great appreciation for Syria's steadfastness under President Hafiz al-Asad and called for supporting this steadfastness against U.S. pressures and conspiracies, Israeli threats, and Arab and internal reactionary plotting.

In a statement issued here today following its year end meetings, the Central Committee affirmed that attention to the Lebanese-Syrian national alliance will be the first priority. The statement says that experience has proved that strengthening the Syrian role in Lebanon means strengthening the role and position of the Lebanese national and progressive forces, Lebanon's Arabism, and independent national Lebanon. The statement affirms that the future of Lebanon as a unified, independent state and its own master depends on its Arabism which is represented, politically, by the relationship with Syria. The statement says that the Lebanese Communist Party and the other national and progressive forces believe that promoting struggle relations between the two people in the two fraternal countries to achieve unity is a basic task because the Syrian-Lebanese relationship is a strategic option.

The statement affirms the condemnation of the reactionary axis and King Husayn's plan submitted at the Amman meeting. The party Central Committee condemned the convocation of the PNC in Amman and affirmed that it is divisionist, illegal, and hostile to the interests of the Palestinian people and the Arab National Liberation Movement.

The statement says that the Middle East region is one of the main arenas of struggle where the U.S. Administration is planning to avenge the defeats it suffered in Lebanon. The U.S. Administration is also trying to re-enter Lebanon through the window of Israeli-Lebanese military negotiations in order to consolidate its role in Lebanon. The U.S. Administration is also using deceptive methods and pressure against Syria and is pushing to establish an axis including the Arab reactionaries around the Camp David regime [in Egypt].

The agreement stresses the continuation of struggle to expel the Israelis unconditionally. This requires strengthening the national resistance front, affirming Lebanon's Arab identity, restoring the country's unity, carrying out radical reforms in the Lebanese Government, and adopting external policies that are free from U.S. dominance.

ECONOMIC FUTURE DEPENDS ON SECURITY TALKS

Riyadh AL-YAMAMAH in Arabic No 826, 31 Oct 84 pp 32-33

[Article: "Pound's Catastrophe Beneficial to Concord"]

[Text] Indications of the deteriorating security on the "mountain" axes and of the tension in al-Kharrub District, along with the accompanying military preparations by the Lebanese Forces on the one hand and the Progressive Socialist Party's militia on the other, have not been the events of the hour in the Lebanese arena, despite the importance of this "heating up" to the future of the national unity cabinet. Significant economic and security developments have surfaced and contacts have been held, including two summits between President al-Jumayyil and Libyan Chairman Mu'ammarr al-Qadhdhafi and Italian Prime Minister Craxi.

However, the issue that has drawn official and popular attention has been the serious economic crisis whose frightening ghost emerged in the wake of the unprecedented drop in the price of the Lebanese pound versus the dollar. This crisis has afflicted investors and the financial circles in Lebanon with panic and some analysts have gone as far as saying that the Lebanese economy, which has stood fast for a long time, enduring the consequences of the devastating civil war, has begun to totter recently after waiting for too long for the rescue train or for the political settlement of the main issues disputed by the Lebanese factions.

Though the economic issue has saddled the government with another burden, it has, on the other hand, developed among the various factions to the Lebanese conflict a solidarity unknown to Lebanon for a long period. When the Council of Ministers held its fifth session under the chairmanship of President Amin al-Jumayyil to discuss the economic crisis, the manifestations of discord and of mutual attacks between the cabinet members disappeared to such an extent that the Lebanese politicians considered this session one of the most successful held by the cabinet. Even the decisions made by the session, though important, have faced no opposition. It has been decided to stiffen government control over customs revenues and a number of steps have been taken to bolster the pound against the dollar. But the most important decision made by this session was the decision to abolish the illegal ports and to bring them under government control. This decision serves two purposes: first, it secures one of the main sources

of revenue for the public treasury, namely the customs fees on imports and exports. These enormous sums of money have been going to the coffers of the various militias throughout the period of the crushing war. The second is the security aspect which is vital because it simply means expanding the area subject to the control of the legitimate Lebanese government and enabling the official authorities to carry out their normal tasks instead of the extraordinary situation which is best represented by the status of the Fifth Basin of Beirut port which the Phalangist militia has refused to hand over to the government in spite of all the Greater Beirut plans that have been implemented.

There is no doubt that passing the decision concerning the ports was not easy, especially in the face of the strong opposition to this decision by the radical wing of the Phalangist militia. Observers believe that President Amin al-Jumayyil has exerted great pressure to bring the radical elements of the Christian militia under control and to make the Phalanges Party's Political Bureau agree to hand over the Fifth Basin of Beirut port, which is the best-equipped and best-fitted basin, to the government.

Security...Difficult Wager

Though positive, the effectiveness of the latest decisions continues to be tied to safeguarding the accomplishments achieved at the security level by bolstering the security situation with additional steps that seek to separate the forces along the hot axes through implementation of the second phase of the security plan that calls for deployment of the army in the mountain and all along the coastal highway to al-Awwali River and for opening the main roads.

This plan is still pending because of the sharp disagreements that have erupted over it within the government when the opposition, led by Druze leader Walid Junblatt, objected to deploying the army in the areas subject to Druze control except on certain conditions, the most important being the setting up of a special organization in the army to arm certain brigades, deployment of the army in the areas subject to Phalangist control all along the coastline and a beginning of discussion on the political issue concerning the constitutional reforms.

Despite the concerted efforts and the contacts made between Damascus and Beirut, this plan was not implemented. Finally, the government postponed the plan as a result of the opposition's pressure. A series of meetings--retreats--was started when Junblatt and Barri threatened to boycott the cabinet meetings unless political reform discussions were started. But the retreats have resulted in no more than forming a number of committees whereas the main issues disputed have remained unresolved.

Thus, the efforts to bolster the security situation have entered a vicious circle and the axis of Suq al-Gharb and the adjacent axes have begun to experience almost daily clashes. This condition has had its impact on Greater Beirut where a series of bombings and kidnappings have taken place and where the indications of a loss of security have begun to worry the

government and the citizens who fear that these incidents will develop into an all-embracing explosion, especially in the wake of indecisive cabinet meetings. Even the foreign embassies in Beirut have taken precautionary security measures, including the evacuation of the families of a number of Western diplomats.

These indications were on the mind of President al-Jumayyil when he went on a tour which included both Libya and Italy. It seems that his talks with the Italians in particular have focused on the importance of safeguarding the stability of security, even though Mr Craxi did not conceal his resentment over the signs of the current security deterioration.

Lebanese political sources report that President al-Jumayyil discussed with the Libyan officials the possibility of Libya playing some role to alleviate Walid Junblatt's objections to the government plans, especially those pertaining to the army deployment.

From this review, we can say that even though the latest decisions have been dictated by the economic crisis, they have achieved some indirect gains in bolstering security. However, the general security situation dictates that the pending security plans be implemented and that the government impose its control over the other parts of the Lebanese territories. Only when this dream is crystallized will the national unity cabinet have achieved a real accomplishment and blocked the path in the face of serious explosions that loom nowadays in the horizon of al-Kharrub District in particular and in Suq al-Gharb axis.

Murphy Returns to Lebanon

There remains the issue of the Israeli military presence in South Lebanon. It is an issue that has gotten extensive regional and international attention in the past 2 months. At one time, there seemed to appear in the air the signs of a deal under the patronage of the United States. But this possibility vanished when Reagan's administration wriggled out of playing a role in this phase because of the impending presidential elections to avoid as much as possible raising "the Lebanese issue," in the elections debates.

Despite the U.S. reluctance, Washington has not closed the door to undertaking such a role. Contacts continue to go on with Beirut, Damascus, Tel Aviv and the United Nations.

So far, Israel insists on concluding with Syria an implicit agreement in which Damascus pledges not to permit the Palestinian resistance to return to South Lebanon and not to try to fill the void which Israel will leave behind upon its withdrawal. No Syrian position has yet been declared on these two conditions. However, Damascus has strongly rejected the Israeli condition concerning the role of the lackey forces of Antoine Lahd in the security arrangements on which agreement is to be reached with Beirut's government and to which the United Nations is to contribute large forces to be deployed in the south.

Richard Murphy, the U.S. assistant secretary of state, will return to the Lebanese capital this week to continue with the parties concerned with this issue. It seems that the objective of Murphy's visit is to prepare for an important U.S. role which begins immediately upon conclusion of the U.S. elections. On the eve of the U.S. official's arrival in the area, the Israeli government heard a report on an Israeli withdrawal plan submitted to the Knesset by Minister of Defense Yitzhak Rabin. But the Israeli authorities have stressed that this plan will be implemented only in case an agreement is reached with Syria.

This Israeli emphasis is not believed by most observers who speak of the possibility of a partial Israeli withdrawal, perhaps from the Sidon area to al-Zahrani River. This possibility seems likely, even though Israel will wait until the conclusion of the U.S. elections before embarking on this step so that it may find out what the U.S. mediation efforts between itself and Syria can produce.

The fact is that the possibility of a sudden partial Israeli withdrawal worries the Lebanese government itself because it does not wish to see a recurrence of the mountain events among the warring factions in South Lebanon. In this regard, Salim al-Huss, a minister in the current cabinet, has warned of the grave consequences of such a withdrawal and has asked the cabinet to prepare emergency plans to deploy the regular forces in any area evacuated by Israel. It is difficult to speculate on the ability of the Lebanese government to implement such plans. However, the various Lebanese sects are exerting ceaseless efforts to reach some sort of an arrangement in anticipation of an Israeli surprise. To put it briefly, the Lebanese government wants a comprehensive agreement that ensures the departure of all Israeli forces from all Lebanese territories. On the other hand, Lebanon is prepared to agree to security arrangements in which the United Nations participates in a major way, provided that there be no direct negotiations with Israel. What is certain is that Murphy's visit to the area will expose more cards pertaining to the issue of the south. However, the final "fare" will not be ready until the new master of the house becomes known.

8494

CSO: 4404/109

SOVIETS READY TO APPROVE EMERGENCY FORCES

Paris AL-MUSTAQBAL in Arabic No 403, 10 Nov 84 p 12

[Text] Lebanese official circles have received diplomatic information on the Soviet Union's readiness to agree to increasing the number of the UN emergency forces operating in South Lebanon, to defining their tasks and to expanding the area of their deployment if the establishment of security arrangements in the south requires the implementation of this step. Officials of the Lebanese Ministry of Foreign Affairs consider this initiative an important positive development in the Soviet position which, until the latest extension of the stay of the emergency forces in the south, ranged from opposing the presence of these forces to refraining from voting for them at the UN Security Council at best. The Soviet step comes as a practical reflection of Moscow's new positions of support and backing for Lebanon, especially of Moscow's endeavors to oust the Israeli forces which are occupying a large part of Lebanon's territory, particularly in the south, Western al-Biqa' and Rashayya. This new Soviet position assumes its most important international dimension within the framework of other preparations made by a number of West European countries to participate in the UN emergency forces operating in South Lebanon. The Italian ambassador to Lebanon has informed a number of prominent Lebanese officials that his government is prepared to contribute to the emergency forces and to have Italian troops participate in them. Lebanese President Amin al-Jumayyil had raised this issue with prominent Italian officials, particularly with the president of the republic and the prime minister, during his latest visit to the Italian capital. This Italian initiative also comes in the wake of what Geoffrey Howe, the British secretary of state for foreign affairs, told prominent Lebanese officials during his visit to Beirut last week about his government's readiness to expand and support the task of the emergency forces in the south and about the possibility of participating in these forces. The cause of the satisfaction expressed by the Lebanese circles over this transformation in the international situation goes beyond the bounds of support for and participation in the emergency forces to the fact that it is a position which supports profoundly the achievement of security arrangements in South Lebanon as a step toward ensuring the Israeli withdrawal, especially since the implementation of such security arrangements has been tied to a fundamental and effective role by the UN emergency forces as a partner with the Lebanese army in establishing security and controlling the conditions.

NEW FORMULA FOR AGREEMENT NEEDED AFTER VIOLENCE ABATES

Paris AL-MUSTAQBAL in Arabic No 402, 3 Nov 84 pp 26, 27

[Article by Ghassan Bayram: "Nine-year War Ended and All That Remains Is To Pay Price"]

[Text] Beirut -- All the signs indicate that what Israel had sought to achieve in Lebanon has been achieved. The Palestinian revolution has departed from Lebanon, the Lebanese formula of coexistence has been dropped and economic prosperity has been killed. All that remains is to seek a new formula to put what remains together under the canopy of international detente.

Last week, the world news agencies and press carried a statement issued by the Soviet Ministry of Foreign Affairs that said that the Soviet Union is prepared to discuss with U.S. President Reagan a new formula that makes it possible to reach a peaceful settlement for the Middle East crisis.

These official Soviet words have been broadcast and published widely, without any clamor and without any reactions or comments at either the international level or the regional level even though official and diplomatic circles see in these words the beginning of a very important transformation in the relationship between East and West -- a transformation which will have serious consequences and an impact on the future situation in Lebanon and in the Middle East because this Soviet statement means that Moscow has begun to speak a new language totally different from the language it has used in the past 4 or 5 years, especially since the conclusion of the Camp David accords.

At the Lebanese level in particular and at the Arab level generally, the importance of these new Soviet statements derives from the fact they reflect a new line of detente between the two superpowers. This is the starting line in the talks which Andrei Gromyko, the Soviet minister of foreign affairs, held with President Reagan and his Secretary of State George Shultz and in which he stressed that a new climate prevails in the relations between the two superpowers -- a climate which may lead these relations along a course of detente, at least insofar as Lebanon and solving the problem of the Arab-Israeli conflict are concerned.

A comprehensive Lebanese evaluation of this brief Soviet statement -- an evaluation dealing with the statement and with all the regional and international circumstances engulfing it -- has reached a brief conclusion which can be summed up in the following:

First, when the Soviet Union declares in this official manner its preparedness to reach an understanding with President Reagan, when he is reelected, on a new peace formula in the Middle East, this means two important initial points, namely, Moscow is confident that President Reagan is almost certain to be reelected. It also means that the two countries have begun to build a detente "tent" or are at least on their way to building such a tent in the Middle East.

Second, when the Soviet Union declares that it is prepared to discuss a new formula, then its declaration harbors an implicit readiness to back down on the Soviet initiative which calls for holding an international peace conference on the Middle East. At the same time, the declaration contains a call to the U.S. president to back down on his well-known initiative to settle the Palestinian issue through Jordan.

It is the belief of a number of well-informed observers that if the Lebanese and Arab view of the contents of this Soviet statement is correct, then this means that there is a new chance for a likely peace plan for the Middle East. This entitles Lebanese Prime Minister Rashid Karami to be optimistic and to reiterate in more than one gathering and on more than one occasion that the dossier of the Lebanese crisis has been closed or is on its way to being closed and that a major decision has been made in this regard.

At present, the Lebanese -- despite their prolonged suffering and their numerous experiences and trials with all the Arab and international initiatives and plans that had predicted an imminent end to the tragedy only to end with further disappointment and shocks -- do not take seriously all the claims and statements promising them an imminent happy end because they no longer believe such claims and statements for fear that such expectations may be no more than new dreams from which they will soon awaken to encounter a more tragic reality.

Therefore, there are those who wonder: will the Lebanese tragedy that has been going on for 10 years end suddenly, catching the Lebanese unawares? Is it true that the Lebanon war is now settling down and reaching the final phase of its life?

There are answers to these questions and this means that expecting what will happen is no longer tantamount to fortune telling because the answers circulated at more than one Arab and Lebanese level rely on new given facts and on indications looming on the horizon. These given facts and indications constitute today the mainstay on which the Lebanese regime is determining its initiatives and moving at the internal and external levels, keeping in mind that these answers do not necessarily mean defining the features of the expected solution to the Lebanese problem, whether in terms of restoring Lebanon to the condition it has assumed and continues

to assume -- a unified state, a unified central authority and a political system under whose canopy the Lebanese have lived for many years -- or in terms of selecting a new political and economic system which will have its natural ramifications to Lebanon's geographic reality, be the system chosen the system of cantons or any other similar federal formula. These answers even say that there is some sort of a solution and that it is premature to discuss its details.

When talking of indications, we must pause before the following points:

First, the emergence of what seems like international concord that this country which is called Lebanon must rid itself of its suffering and that the game of violence and blood must be ended.

Second, there is an international recognition and acceptance of the Syrian role in Lebanon. Nobody, be he friend or foe, objects to this role or casts doubt on the fact that the Syrian option in Lebanon is the best means to end the constant conflict in Lebanon and to restore security and stability to its territories.

Third, we find that Israel, which went into raging anger when the 17 May accord was abolished, which threatened to eliminate Lebanon from the international political map and which then proceeded to demand debilitating conditions, including direct negotiations with the Lebanese government on the terms of withdrawal from Lebanon, is now backing down on numerous conditions, such as the condition of direct political negotiations and the condition of simultaneous withdrawal by the Syrian forces. We find that Israel is constant with saying that it wants military negotiations at a level higher than that of the officers of which the joint truce committee is comprised. Israel also wants Syrian approval of these negotiations and wants an indirect understanding with Syria through a third international party to guarantee that the Syrian side will prevent the launching of any operations against Galilee's safety from Lebanese territories.

Fourth, the Lebanese regime has embarked on practical, though slow, steps in cooperation with the leaderships represented in the government and through understanding and cooperation with Syria to discuss the political reform needed for the Lebanese system.

It is no coincidence that the president of the republic, with the participation of the prime minister, has given a free hand to the political reform committees which were formed to carry out the tasks entrusted to them in the wake of the election of Husayn al-Husayni, the new speaker of the Chamber of Deputies. The Lebanese and Syrian presidents have agreed on the timing of this step so that it may complement the symbols of the legitimate establishments, both governmental and parliamentary, which will be receiving the expected reforms and exerting efforts to approve them. If anything, this indicates that there are practical steps to loosen the knots of the Lebanese problem internally so that when the time for payments due comes, these internal steps will meet with the initiatives coming from abroad or that are supposed to be coming from abroad, according to the prevalent thinking.

More than one political and diplomatic circle agree here that there are obvious given facts which greatly complement each other and which constitute at the same time an objective and a consequence of the war in Lebanon or of the plot that has stormed and swept it.

These circles again focus the light on the goals which Israel and others have sought to achieve by touching off the Lebanon war. Most of these goals have been achieved in a manner that makes a continuation of the war in Lebanon aimless and purposeless. This continuation is impossible because wars flare up and intensify for certain objectives. This happens at the level of states and countries and the level of groups and individuals.

These circles wonder: were not the goals of the Lebanon war led by the goal of striking the Palestinian revolution in preparation for liquidating its cause after the Palestinian revolution's forces and factions had gathered in Lebanon?

These circles add: this is what actually happened when Israel made its successful attempt, with international support, to invade Lebanon in the summer of 1982 and to destroy the Palestinian revolution's military machine. Israel went on to blockade Beirut, the capital, and to drive out of it the leaders of the Palestinian revolution's factions and organizations, scattering them in various capitals of the Arab world. Thus, this fundamental strategic objective has been achieved.

These circles go on to ask: was not one of the objectives of touching off the infighting and conflicts in Lebanon the objective of partitioning and dividing this country and of striking the plan for a state and a homeland in this country?

They answer: this is also another fundamental objective that has been achieved and that is reflected in the existing reality of partition.

What is more, there are local and, of course, foreign forces that cling to this reality of partition to the degree of being ready to fight for it, portraying this reality as a political or sectarian gain for this or that faction.

These circles further wonder: was it not known and acknowledged that Israel had another objective, namely, to foil the formula of coexistence among the Lebanese sects under the canopy of a free democratic system because this formula is tantamount to a condemnation of the existence of the Jewish state as a racist state?

These circles answer: this is another fundamental objective achieved by the war in Lebanon through the sectarian divisions, the social fragmentation and the sectarian and religious population separation existing in Lebanon at present.

These circles further wonder: was it not known that one of the objectives of the Lebanon war is the objective of striking at the free and democratic

Lebanese system and of wiping out the unique distinction of a country living amidst different states and systems?

This is another objective among the objectives of the plot that erupted in Lebanon and exploded Lebanon.

These circles say that the other objective achieved is the objective of striking the infrastructures and mainstays of the Lebanese economy. This has been achieved within the framework of the Zionist Israeli objective of wiping out Lebanon's financial and economic role in the Middle East and the world and, consequently, wiping out the role of Beirut, the capital, as a center and a path for the movement of Arab and international capital and investments in the Middle East.

These circles further say: all that survives of all these sectors which ultimately form the mainstays of the Lebanese economy is no more than a remnant constituting nowadays the so-called banking sector which, though still steadfast and standing on its own feet, is facing enormous dangers that threaten to wipe it out, and would have wiped it out if it were not for international financial interests that are still tied with this sector and that give it a degree of strength and impregnability. They do this not to defend it as a mainstay of the Lebanese economy but to defend these international financial interests that are tied to the financial and banking establishments existing in Lebanon.

Therefore, say these circles, all these are objectives that have been fully achieved, with numerous other objectives achieved along with them and on their peripheries. The consequences and effects of the dollar-price game are perhaps the final link in striking at whatever remains of the Lebanese economic system and of demolishing the value of the Lebanese currency, leaving behind the rapid rise in prices which this game has left behind.

These circles add that the manipulation of the dollar price and its grave consequences to the Lebanese economic, social and even security situation, regardless of whether the reasons for this manipulation are partly external or whether they are a part of a policy planned by the other side -- this manipulation and its consequences lead to one conclusion only, namely, that Lebanon's situation has reached the condition with which Menachem Begin, the former prime minister of Israel, threatened when he said: "We will make Lebanon's social life an insufferable inferno."

But what remains of the Lebanon war?

There are prominent Lebanese officials who believe that the abolition of the 17 May accord, which constituted the start of a Syrian-Lebanese understanding at nearly all levels under an Arab and international cover, settled numerous issues, the most important being the creation of new controls which have come to form with the passage of time a strong barrier in the face of the resumption of the rounds of infighting in Lebanon and have brought about the practical weakening of the conflict, thus confining

this conflict at present to the line extending from al-Litani in the south to Beirut, the capital. This is why Israel's continued presence in the south is as significant and dangerous as its embarking on sudden unilateral withdrawals, which Israel is now threatening to do. Such withdrawals would touch off political and national incidents similar to those Israel left behind when it withdrew from al-Shuf and 'Alayh.

Contrary to the currently prevalent belief, the information available to the State of Lebanon and to a number of leaderships concerned indicates that the game being played by Israel behind the slogan of the projected withdrawals does not offer the assurance that the matter may be settled overnight or within a short period because of the still existing connection between the game of the area's conflict, the situation in South Lebanon and the positions of the area's states toward a political settlement that leads to Israel's withdrawal and to ensuring the security and political conditions for this settlement.

There is official and political information to the effect that a complete and total Israeli withdrawal from South Lebanon, Western al-Biqa' or Rashayya seems impossible except within the framework of a comprehensive settlement of the Lebanese problem. Even though the issue of the Israeli withdrawal is being evidently cooked on a strong fire nowadays, the main concern in the international and regional lobbies is to try to reach common projections for the terms and bases of settling the situation in Lebanon. This is something that is not yet fully clear and that is engulfed in uncertainty while awaiting the post-U.S. election phase.

This is why the various circles concerned believe that there is a period of time extending from the present, i.e., the fall of 1984, to the fall of 1985 in which the Lebanese situation will face a serious calling in of payments due at the level of the entire area. Even though these payments due are expected under the canopy of a so-called U.S.-Soviet understanding, the president of Lebanon -- through a full understanding with his Prime Minister Rashid Karami and through a high degree of coordination with Syria -- is trying to move internally and externally so that these payments due may not come carrying with them solutions for the area's problems at the expense of Lebanon.

It is within this framework that one can understand the objectives sought by the president of the republic in his latest visits to Libya, Italy and the Vatican and can understand the movement he plans to embark on by visiting Algeria, France and perhaps other Arab and international capitals in the near future.

8494

CSO: 4404/109

BRIEFS

EXPORTS TO ARAB WORLD--By the end of the third quarter of this year, Lebanese-manufactured exports amounted to 636 million pounds, a drop of 42 percent in comparison with 1982. The Arab countries got 96.5 percent of these exports which were distributed as follows: Saudi Arabia 62.3 percent, Iraq 11.8 percent, Jordan 6.2 percent, Syria 3.9 percent, Kuwait 3.8 percent and Egypt 3.8 percent. [Text] [Paris AL-MUSTAQBAL in Arabic No 403, 10 Nov 84 p 43] 8494

PORT OPERATIONS--Reliable sources have said that the state's success in closing the illegal ports in Greater Beirut and on the Kasrawan coast will help close down the illegal ports in the north. These sources have relied on two fundamental factors: first, Prime Minister Rashid Karami, being a native of Tripoli, will try to close the ports in his area to avoid any embarrassment and to overcome any justifications that may be given him by this or that side. After delivery of the Fifth Basin and the closing of al-Dubayyah port, Karami will be compelled to put all his weight behind the authorities concerned in order to implement the decision in the Northern Governorate. The second factor, and the more important one, is that Syria has a direct interest in closing the illegal ports in the north so as to reduce the smuggling across the common borders from which Syria has been suffering for a time. This has forced Syria to take tough measures to combat this smuggling. Meanwhile, 136 ships entered the legal Beirut port last September, unloading 146,943 tons and 18,640 head of livestock and loading 18,526 tons and 981 head of livestock. Those ships included 11 fuel tankers which unloaded 68,977 tons, or nearly 46 percent of the total. Transit goods traffic amounted to 11,194 tons whereas no traffic was recorded in the free zone. Thus, the activity in this legal port continues to be limited while waiting for an end to be put to smuggling. [Text] [Paris AL-MUSTAQBAL in Arabic No 403, 10 Nov 84 p 43] 8494

CHRISTIAN CELEBRATIONS BANNED IN TRIPOLI--It has been learned that the Islamic Unification Movement has taken steps to prevent Christians from celebrating Christmas and New Year as well as from affixing any kind of decorations in order to preserve what they described as the Muslim nature of Tripoli. In a similar development, the Central News Agency, citing information from Saudi Arabia, says that the Saudi authorities have sent a circular to companies, establishments, and hotels in Saudi Arabia, asking them to ban Christians from conducting any religious rites on the occasion of Christmas and the New Year. [words indistinct] [Text] [(Clandestine) Radio Free Lebanon in Arabic 1645 GMT 22 Dec 84 NC]

PROSPECTS FOR FATAH, DEMOCRATIC ALLIANCE DISCUSSED

London AL-HAWADITH in Arabic No 1465, 30 Nov 84 pp 27-28

[Article: "Continuing Bad Blood?"]

[Text] At the time when Yasir 'Arafat was delivering the opening speech of the 17th session of the Palestinian National Council in the Jordanian capital, AL-HAWADITH contacted one of the founding parties of the Democratic Alliance, which has boycotted the session. It asked him about the position of the alliance with respect to this issue, and he emphatically replied, "There is no break, the dialogue continues." On the eve of the opening of the session, officials in the Fatah movement were asserting that posts on the next executive committee of the PLO would be kept open for their future occupancy by members of the Democratic Alliance. However, this was not the picture a few days prior to the start of the Palestinian Council's activities. The prevailing belief, up to 24 hours before the date of commencement, had two directions which would govern the course of Palestinian relations, and there could be no third option: Either postpone the session or fragment the PLO. Some observers were expecting, right up until the last moment, that postponement would be announced. This expectation was based on a number of factors basically pertaining to the conditions surrounding the failure of the recent Palestinian dialogue in Algeria on the one hand and, on the other hand, the escalating position that the Democratic Alliance adopted with regard to holding the council session in the Jordanian capital. AL-HAWADITH asked an official in the Democratic Alliance, at the beginning of last week, about his response to the steps that Fatah was making in preparation for the session. He said, "They will hold the session in Amman, and the break will be a reality."

What happened to reverse the position completely within the space of one night?

The biggest Palestinian development to occur in that brief period of time, in which the change of positions occurred, was the surprise visit made by 'Arafat to Algiers, where he met with President Chadli Bendjadid, and the trip of the secretaries general of the Democratic Alliance organizations, George Habash (PFLP), Nayif Hawatimah (DFLP), Tal'at Ya'qub (Palestine Liberation) and Sulayman al-Najjab (Communist Party), to Moscow where they held talks at the Soviet Communist Party Central Committee level.

An informed Palestinian official told AL-HAWADITH that the content of the talks held by the Soviets with the Palestinian delegation in Moscow was the subject of a letter sent by the Soviet leadership to 'Arafat.

What the Soviets told Abu 'Ammar in their letter has not yet been made clear, but information obtained by AL-HAWADITH has confirmed that Moscow and Algiers tried at the last moment to make a joint effort to satisfy Fatah's insistence on opening the National Council session at its scheduled time and place, with room being left open to resume the Palestinian dialogue later. This effort required suspending the session's activities, after the opening, for a period of time to allow room for consultations and contacts to eliminate the Democratic Alliance's opposition. Then the session's activities could resume, perhaps in Algiers, with everyone present.

Apparently, the parties to the Democratic Alliance acceded to this mediation, which was laid out in detail during its staff's visit to Moscow. Moreover, Fatah had not closed the door to this alliance's participation later in the leadership of Palestinian work. However, up until last Friday, Fatah acted as if the activities of the National Council would continue without postponement and without opposition to the talk of the Arab League's secretary general and some of the Palestinian leadership about a Palestinian-Palestinian draft agreement.

In any event, far from the details of the session of the National Council and its results, the atmosphere that resulted from the visit of the Democratic Alliance delegation to Moscow indicated that the bad blood among the signers of the Aden-Algiers agreement will not cease.

In a report of the meetings of the alliance organizations' secretaries general with the members of the Communist Party's Central Committee, it was reported that the Soviets did not attend the opening of the council because the Palestinian representation there was not complete. They shared the point of view that says that the basic problem from which the PLO suffers is its lack of unity. On behalf of the delegation, Dr George Habash reviewed the reasons for boycotting the session. He said that a disunited PLO would leave the framework of 'its combative position,' for the framework of an alliance that would include Jordan and Egypt. He is opposed to this framework and certainly would resist it. This position is not new, but the new point is the commitment of the alliance to "continue efforts and activities on behalf of achieving complete unity" among the Palestinians.

Habash stressed, and this is the important element, that the alliance "would not participate in any front to create organizations parallel to the PLO. Moreover, it would continue the dialogue with all parties, with the exception of those who reject the principle of dialogue." He also stressed the continuation of the program of unification, and said that "we are for a united PLO. Nevertheless, this organization should have positive relations with all the progressive states."

It is clear from this review that there was a backing away recorded to the benefit of Fatah, and with Soviet assistance. That is because the escalation by which the Popular Front opposed the decision to hold the National Council session in Amman was described as not being a forecast of the possibility of resuming the Palestinian dialogue, but rather, an indication of actual and inevitable schisms.

This deduction is accompanied by talk about a Soviet 'warning' against any schismatic step in the PLO, and to the effect that, in the event such a step occurred, Moscow would be compelled to announce its clear support for 'Arafat's leadership. Fatah met this Soviet pressure on behalf of 'Arafat with flexibility and openness, manifested in the repeated wish not to break off the dialogue with the Democratic Alliance, and certainly to continue to consider this alliance a part of the PLO.

With respect to the National Alliance, indications are that the chances of resuming its dialogue with Fatah are very slim. Its leadership basically rejected such dialogue as this, after it had directed many accusations at Fatah's current leadership. Fatah, for its part, has lost its concern for this question. A Palestinian official, in the context of discussing the possibility of a resumption of dialogue with the Democratic Alliance, relates that in the 16th session of the National Council, one of the leaders of this alliance delivered a strident political speech. No sooner had he finished his speech than 'Arafat came up to him, kissed him and said in an audible voice, "Thank you for your solidarity with our cause." The speaker was unaware of the meaning of 'Arafat's reference, until laughter rose in the hall.

There are some who ask why Fatah insisted on holding the National Council session in Amman, and in the absence of the Democratic Alliance, as long as the active parties in the Palestinian center are ultimately governed by the middle ground. In a long analysis of the Middle East, published by LE MONDE on the eve of the session, and after a detailed review of the region's problems and their ramifications, Andre Fontaine noted that despite the obvious limitation of the picture of the situation, there was a common denomination between the two most fervent combatants in the region. It is clear that "Israel is exhausted and the PLO is in its most difficult time. The Iranian attacks that are periodically announced have not occurred. It appears that no one in the Middle East, which has been a battlefield for 40 years, can hope any longer for victory. Logically, a climate like this should be suitable for the resumption of peace efforts."

Many expect that the 'peace offensives' will be reactivated in the region, but as of now, no one can judge the content of this peace. While awaiting the appearance of its features, each concerned party is engaged in ordering its internal situation and weaving its alliances, in order to ensure its share in it. However, the state of expectation in the region does not cancel out the basic considerations connected with the re-election

of President Reagan to a second term, the Israeli Labor Party's return to power in Israel and the European initiative led by France. These considerations enter into the calculations of everyone, whether the peace be American or with Soviet participation. It is apparent that positions and other meeting-grounds are contradictory over this point, and the matter is changed from being a question of a solution in the Middle East to one of an issue between the two major powers.

Moscow has defined its position and has pushed it to its logical extreme, by asserting its point of view concerning saving Palestinian unity.

As for Washington, travelers who have recently met with members of President Reagan's administration say that the Palestinian number no longer exists in American calculations. They say that American officials whom they have talked to--including those who have participated directly in the events of the past 2 years--did not once mention the name of the PLO or Palestinians while analyzing the American administration's positions in the region. The travelers confirm that Washington is currently considering that the 'blood sacrifice' that it has used as an enticement which some have eaten up completely might be used again. This means, if the story is correct, that there is another position being carefully prepared in order to reshuffle the cards. This will certainly not be in the best interests of the PLO.

There are those who believe that the Palestinian meetings in Amman, the first meetings of their kind from which the leftists and the Syrian loyalists were absent, might take into consideration calculations similar to the American ones. They also, of necessity, will take into consideration the situation in the occupied West Bank and the Gaza Strip, where the size of the concerns vastly outweigh the political interests and considerations.

An American journalist, Thomas Freedman, conducted a lengthy investigation in Israel and the occupied territories, and concluded that the residents of the West Bank and Gaza yearn strongly for a rapid Palestinian initiative to save whatever can be saved before it is too late. If some of them would prefer the initiative in participation with Jordan or under its aegis, it would be, at the same time, unlikely that the notables of the West Bank and Gaza would undertake any independent initiative, particularly in the direction of Israel. According to their point of view, the absence of an initiative to save them and their lands, or even that would postpone its fate for a while, will allow the extreme right and the hard-liners in Israel to win the race with regard to the Judaization of the occupied lands and their ultimate annexation to the Hebrew state.

It is apparent that the considerations of Palestinian 'national unity' carry no great weight in the calculations of the West Bank and Gaza leaders. They must see that this 'unity,' about which talk is increasing, would only prevent freedom of the desired Palestinian initiative, and that by taking the view of the minority within the PLO, it would act like a kind of 'veto' exercised against the majority. Therefore, the residents of the West Bank and Gaza, or a majority of them at least, are betting on the Amman meetings, because they have no other bet. Mark Hiller, a scholar of Palestinian issues at the University of Tel Aviv, summarizes, with some viciousness, the situation in the occupied territories, by saying that "The West Bank residents wait for Jordan, Jordan is waiting for 'Arafat, 'Arafat waits for the Syrians, and the Syrians...God alone knows for whom they wait."

If there is some truth in these words, in connection with the positions of the Arab side, very few believe that the 'strategy of security' that Israel has followed since the invasion of Lebanon in the summer of 1982, aimed at the PLO and the Arab countries, will have an end put to it for nothing, or that something will unexpectedly happen to prevent it in the next few months.

Therefore, the Israeli challenge remains in place, unless it escalates into a military challenge. Within the response to the possibilities of developments lies the Palestinian and Arab credibility.

7005

CSO: 4404/108

KING'S INTEREST IN MEDINA CAUSES WIDESPREAD EXCITEMENT

London AL-SHARQ AL-AWSAT in Arabic 12 Nov 84 p 1

[Text] The deep personal interest of King Fahd ibn 'Abd-al-'Aziz, ruler of the Kingdom of Saudi Arabia, in development projects in Medina and in enlarging the sublime prophet's mosque has produced widespread excitement in the ranks of the inhabitants of the city of the prophet, blessing and peace to him, and in various sections of the Kingdom and has extended into other parts of the Islamic world because of the importance of this outstanding Islamic event, the likes of which Medina has not seen before.

King Fahd began his inspection visit to Medina during the middle of the week before last, when he laid the cornerstone of several Islamic cultural projects. This is in the framework of his trips to various areas of the kingdom to oversee personally the building and charitable projects and to meet continuously with the citizenry.

The Saudi monarch's interest in all details of development at Medina has been extensive. The desire on his part is to discuss all the aspects and understand all the details and to add a great many improvements in the project to enhance the honored prophet's sanctuary, which will be the greatest improvement in Islamic history.

This extraordinary concern for studying the plans and models for the projects in the city of the true religion, which spreads light, reflects the care of the servant of Mecca and Medina by supporting everything that would tend to raise the banner of Islam, serve the Islamic people and their holy places and increase the comfort and ease of the pilgrims and citizens. And, according to the minister of information, al-Sayyid 'Ali al-Sha'ir, from this premise King Fahd has wanted to lengthen his stay in Medina again and again when he became aware that the city needed his attention, care and interest. There was another postponement of his departure for Riyadh on Friday evening when he extended his stay in Medina once more (contrary to what we published yesterday). This was done in order for him to finish studying the projects and plans for development (this is the splendid way in which he wants to serve the two holy places of the honored prophet, may he have God's blessing and peace, and these are his goals, aspirations, and prayers for the residents and people of the city) according to the statements of Minister al-Sha'ir, which we published yesterday.

Each evening the Saudi ruler receives hundreds of citizens of Medina and neighboring areas who express their thanks and gratitude to him for his efforts and concerns for everything that affects his countrymen and his Islamic nation, and they all have a meal at his table.

King Fahd began his visit to Medina on Monday, 29 October 1984. That same evening the regular cabinet meeting was held, but it was restricted to studying the development projects for Medina. On the 2d day of the visit the King Fahd City project for printing the sublime book was inaugurated. It cost about a billion riyals, and its annual output capacity will reach 7 million copies of the holy Koran in several sizes, 2 million interpretations of the Koran's meaning, and 30,000 cassette tape recordings of the voices of well-known readers in the Islamic world. The tapes will contain the Koran's meaning in Arabic and other languages. King Fahd has made provision for this project from the time when it was merely an idea, consistently supporting benefits from its implementation within a logical period of no more than 2 years.

On Thursday the Saudi ruler laid the cornerstone of three projects of no mean importance and visited the road that circles Medina (the second ring), 27 kilometers around, after which he unveiled the commemorative plaque of the new city university project for Medina University, which was established basically to nurture Muslim students from all over the world and to offer them both studies and room and board at the expense of the Saudi government.

The floor space of the new extension begun last year comes to 1.7 million square meters and includes several colleges and residences for faculty members and university students.

Then, on the evening of the same day, King Fahd laid the cornerstone for the expansion of the Qaba' mosque (the first mosque founded on godliness). This is the largest expansion of the mosque since the prophet of the true religion, to whom be blessing and peace, built it after his flight from Mecca to Medina, since the new expansion will increase the floor space of the mosque from 1,300 square meters to 4,500 square meters.

And on Friday, 3 November 1984 the Saudi ruler laid the cornerstone for the largest expansion in Islamic history to the mosque of the prophet.

It is estimated that the cost of this expansion will indeed reach 6 billion Saudi riyals and will raise the capacity to 180,000 to 190,000 worshipers. Provision was made for using the roof and courtyards for prayer and for building an upper story in the future. Also, in planning the building, provision was made for conditioning the air to some degree from the sun's heat.

After his visit to the mosque of the prophet, King Fahd issued instructions to hurry and provide it with new, deluxe prayer rugs and do some touching up.

During this visit the Saudi monarch inspected the Medina projects before they were opened and looked at their plans and sketches. He visited them regularly, issued instructions to make some additions and changes, suggested some new projects, and ordered the work speeded up.

Yesterday Minister of Municipal and Rural Affairs Ibrahim al-'Anqari, Minister of Communications Husayn al-Mansuri, and Minister of Pilgrimage Affairs and Religious Trusts 'Abd-al-Wahab 'Abd-al-Wasi', who make up the ministerial committee created by order of King Fahd bin 'Abd-al-'Aziz to oversee the projects and development plans of Medina arrived here to receive instructions from the servant of the two holy places, King Fahd, in order to complete the inspection studies that he graciously made at dawn last Friday.

Immediately upon its arrival the committee made an inspection tour of all the areas to be included in the overall development project.

12496

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MINISTER DISCUSSES ECONOMIC SUPPORT TO MUSLIM NATIONS

London AL-SHARQ AL-AWSAT in Arabic 13 Nov 84 p 4

[Article by 'Abdallah al-Hajj: "\$16 Billion From Saudi Arabia to IMF for Loans to Islamic Countries"]

[Text] Saudi minister of commerce Sulayman al-Sulaym stated that Saudi Arabia has increased its International Monetary Fund capital allocation to \$16 billion. This is to enable the fund to make loans to countries, especially Islamic countries, in order for them to correct their foreign balance of payments deficit.

The kingdom has also established funds and banks specializing in loans to businesses and governments in other countries, in the forefront of which are the Islamic countries, to help them in financing their development projects.

This came out in a talk by the Saudi minister of commerce during his meeting on Wednesday with Saudi and other Muslim businessmen who are members of the Islamic Chamber of Commerce, which is now meeting in Jiddah.

The Saudi minister said that the increase in trade between the Islamic countries is strengthening their mutual ties, serving their joint welfare, and supporting their efforts to strengthen their positions with respect to the world economic block. He added that the matter has now come to the point where a change is called for in the national economic framework of each country along with strengthening the production base in a way that will lead to diversified production and improved quality of products for export in a framework of horizontal and vertical integration of production plans among the states of the Islamic world.

Dr Sulayman al-Sulaym focused on the fact that the joint projects have an effective role so long as they are based on realistic considerations and economic feasibility studies, on the initiatives and guarantees of the investors, and on measures that facilitate the flow of products between Islamic countries without trade barriers or administrative restrictions.

He added that, concerning our Islamic world, it requires the marketing of export products as a joint action by all sides, consisting of the following developments in the international markets, concluding commodity agreements, and

penetrating the markets of the advanced countries. Here the need comes out for a great deal of training for those working in the export sector and the exchange of information and expertise among the Islamic countries, for participation in trade fairs, and for adopting unified positions in international trade organizations.

In his talk the Saudi minister emphasized the effective role that the participating Islamic joint companies play in economic development efforts in the Kingdom of Saudi Arabia. The number of mixed companies that individuals or companies from other Islamic countries share in came to 256 registered in the Ministry of Commerce up to the end of Islamic year 1404. The partners in these mixed companies are citizens of 18 Muslim countries. Also, the Saudi Ministry of Commerce granted temporary permission to 60 companies from 12 Muslim countries to implement public projects that were contracted for with the Saudi government or one of its institutions.

He stated that Saudi Arabia had offered an opportunity to Muslim labor that amounted to 74 percent of its total work force, and no doubt transporting the labor component, which is the greatest element of production in both importance and effectiveness, represents a high degree of the constant cooperation in that it accrues in benefits to the workers and serves the mutual interests of both the home country and the host country.

12496

CSO: 4404/80

TRADE UNDERSECRETARY DISCUSSES BUSINESS CONDITIONS

London AL-SHARQ AL-AWSAT in Arabic 12 Oct 84 p 4

[Article by al-Sirr Sayyid Ahmad: "Frank Dialogue with the Saudi Undersecretary of Trade: The State Supports the Public Sector But the Market Is Not a Free Field for Adventurers"]

[Text] Dr 'Abd-al-Rahman al-Zamil, undersecretary of trade for the Kingdom of Saudi Arabia, said that the ministry has analyzed the balance sheets of 1,200 limited liability companies and has found that 800 of them realized profits, sometimes as high as 100 percent of the capital, while 70 of them failed and were liquidated. The remainder of the companies realized losses or were just able to cover their expenses. He said that while the state is committed to supporting and protecting the private sector, the market is not a free field for adventurers and the private sector must develop its organizations and increase its ability to achieve true competition in the market.

In an interview with AL-SHARQ AL-AWSAT, Dr al-Zamil added: "We expect circumstances to be harder this year because profits will be lower and expenses will increase. However, the important thing is that this phenomenon is not new to the Saudi market, although no one was concerned about it in the past because there was an economic boom, and if a company failed, its owner had several other profitable companies. It can be observed that a sector such as contracting is subject to more liquidations because infrastructure projects have virtually run out, while the maintenance sector is experiencing substantial growth."

Close Monitoring of the Market

Dr al-Zamil added that the process of analysis carried out by the ministry was based on close monitoring in this field, because the state does not want sham companies in the market. As a result of the ministry's analysis, it approaches those companies that are in unstable positions and asks them to increase their capital, modify their positions, or liquidate their holdings.

He denied that the failure of companies is an indication that the Saudi economy is undergoing a crisis, pointing out that companies fail by the

thousands each month in Europe, the United States and Japan. He said that it was inevitable that the country would pass through this stage because the establishment of companies could not be supported indefinitely. The country had to reach a stage in which only the companies that have the desire and ability to survive remain in existence. It is natural that companies will experience a state of recession because of declines in oil production and prices.

The Facts Concerning Failure of the Carlson Company

There was much discussion of the phenomenon of company failures and the onset of financial difficulties for companies in the kingdom--a situation that has been interpreted as a crisis. The press recently took up the case of the Carlson Saudi Arabia Company, which was engaged in the construction of villas for King Sa'ud University in Riyadh. The company was unable to meet its obligations, including even the payment of salaries, and its directors fled the country. It was reported that one of the reasons for the company's failure was the fact that the payment of its accounts receivable was late. Dr al-Zamil explained that the facts of the situation indicated that the contract had basically gone to a Saudi company which had entered into a subcontract with Carlson Company. The price submitted by the Saudi company was so low that the university hesitated to give it the contract. However, the rules do not prohibit any contractor from submitting any price he sees fit on the condition that he carry out his commitments. Then the Carlson Company came forward and took the contract at a price that was lower than that of the Saudi company, which was basically an undercapitalized company.

Protecting the Rights of Workers

Economic circles in the kingdom at this point indicated that the Carlson Company took the contract for \$136 million while the cost of the completed project could total \$168 million. The Carlson problem was complicated by the fact that its directors fled abroad out of fear that they would be imprisoned for not meeting their obligations.

Dr al-Zamil explains this point by remarking that the law applies to all companies, both Saudi and foreign alike, and that a company's directors can be imprisoned for refusing to comply with the requirements of the official agencies. If a company is unable to pay the salaries of its workers, then it has a financial and administrative problem in its organization, because salaries represent only a small percentage of the total cost of contracting.

When there are many complaints, the state must intervene. Prison is usually the last measure taken and occurs when the company's directors have failed to offer guarantees. This is done so that the market does not become a free field for adventurers. Dr al-Zamil added: "I would like to state that no one has been imprisoned because of a commercial dispute; the important thing is the rights of the workers."

Ready to Discuss Any Late Payment Situation

With regard to the nonpayment of the company's entitlements and late payment in general on the part of the state in this field, Dr al-Zamil said: "I have personally contacted the contractors that deal with the biggest government organizations such as the Ports and Electricity Organization, and they have not had any complaints about unjustified late payments. As an official, I am ready to listen, take action and contact the agencies involved, but I want specific instances supported by evidence if there are delays in payment."

Thirty Percent for the Saudi Contractor

He explained that the state for its part has taken all possible measures to help the private sector in meeting economic reversals. In this regard he pointed to the two decisions that were issued last year. The first requires that all contracts be subject to public competitive bids. This measure ensures that everyone will know about a contract and can compete for it, as opposed to the old method which called for bids to be invited from only four or five contractors. In addition, the session issued a general proclamation requiring foreign companies that are awarded bids to subcontract 30 percent of the work to a Saudi contractor. He added that a clarification issued at the end of last month explained all the problems raised in questions pertaining to the application of this proclamation.

The first question involves who this decision applies to. The answer is that the decision applies to foreign companies, mixed companies, and consortia consisting of several companies. In other words, only companies that are 100-percent Saudi are exempt from the law. The purpose of this is to prevent fraud, because it has been shown that there are companies that are mixed on paper only. With regard to the exact meaning of "30 percent of the contract," Dr al-Zamil explained that it pertains to all work to be implemented, not the supplying of materials, with the provision that the selected Saudi subcontractor must be one of the classified organizations. The insistence on classification is so that the agreement will not be concluded with individuals. The intention is that it be a company that is actually in existence.

Dr al-Zamil concluded by saying: "The main thing I would like to emphasize to businessmen is that any manipulation on their part is dangerous to them and to their associates, and the state will not hesitate to follow up on any matter and obtain the answer to any question. The effect of these decisions will be clear in the private sector, especially if this sector develops its marketing organizations in order to obtain and compete for work, because the market is a competitive market that does not spare those who sit at home."

8591

CSO: 4404/47

LOAN AGREEMENTS SIGNED WITH BANGLADESH

London AL-SHARQ AL-AWSAT in Arabic 16 Nov 84 p 4

[Text] Yesterday Muhammad Aba al-Khayl, Saudi minister of finance and national economy, signed an agreement, at the headquarters of the Saudi Fund for Development in Riyadh, by which the fund will provide a loan to the People's Republic of Bangladesh amounting to 31 million riyals to participate in financing the drilling of three exploratory oil and gas wells in Bangladesh. Mohammad Sayyid al-Zaman, advisor to the president of Bangladesh on economic affairs and deputy finance minister, signed the agreement on behalf of Bangladesh.

This project represents part of the second 5-year plan, 1980-1985, aimed at making use of the country's oil and gas resources.

With the signing of the agreement the total of loans made to the People's Republic of Bangladesh comes to 777.3 million riyals, or about \$218.3 million.

Also, the fund agreed to grant the Republic of Bangladesh two other loans. The first comes to 66.6 million riyals to participate in financing the (Ranbakor) stone removal project, and the other comes to 105 million riyals to be used in financing the Tista dam for irrigation and for protecting the land from floods.

A statement issued on this occasion stated that signing this agreement is a clear expression of the firm ties between the two friendly nations and of the sincere efforts being made by the government of the Saudi monarch, King Fahd ibn 'Abd-al-'Aziz, to strengthen the development projects undertaken by the government of the People's Republic of Bangladesh to gain economic prosperity and comfort for the friendly people of Bangladesh.

It is worth mentioning that, since its activities began in 1975, the Saudi Fund for Development has participated in financing 389 development projects in 60 countries in Africa, Asia and Latin America and is extending loans with favorable conditions.

From another aspect, the Saudi minister of planning, Hisham Nazir, met at noon yesterday with the advisor to the president of Bangladesh on economic matters, Mohammad Sayyid al-Zaman, at the minister's office at the royal agency of Jubayl and Yanbu' in Riyadh.

SAUDI VIEWS ON PNC, GCC SUMMIT DISCUSSED

London AL-HAWADITH in Arabic No 1465, 30 Nov 84 p 37

[Article by 'Adil Malik: "Palestinians Have Freedom of Decision, While the Iran-Iraq War Brings Concerns"]

[Text] Despite the uninterrupted flow of visitors to Saudi Arabia everyday throughout the year from all the various countries of the world, during the past few days Riyadh was just an observer of two important events, the holding of the Palestinian National Council (PNC) in Amman, and the preparation for the fifth Gulf summit conference in Kuwait. Those who questioned the true Saudi position with regard to the heated dispute over convening the PNC in the Jordanian capital did not have very long to wait, since a few hours before the opening of the council's 17th session, an official source dealt with both the kingdom's old and new position with regard to this matter. He expressed it in the following brief statement: "It is well known to all Palestinian leaders and to all the Palestinian people that the kingdom's well-known and public position since the days of King 'Abd al-'Aziz right up to today is premised on absolute support for the Palestinian cause. This support was extended to the PLO after its foundation, by considering it the sole legal representative of the Palestinian people and describing it as the basic foundation for Palestinian decision-making. Instructions have been issued to the Saudi ambassador to Jordan to head the Saudi delegation that has arrived along with many delegations from all parts of the world to attend this meeting."

The Saudi declaration of support for the Palestinian cause was nothing new, but rather, the timing of the official source's statement was clear evidence that gave the Palestinian leadership political and moral strength in the midst of these doubts and this silence which enveloped the Arab world before the council was convened and even during the period it was being convened. This timing in issuing this statement took into consideration, with careful calculations, the fact that Saudi Arabia would not allow itself to become involved in the Palestinian disputes, but, on the contrary, this position was timed to give support, after ascertaining that holding the conference was legal and that its legal status was ensured.

Riyadh left the freedom of decision and movement to the Palestinians themselves, so that they could express their positions through the PNC, which is the legal framework for PLO action.

The Saudi statement was not only a constructive statement to register a position, but also each word in it was carefully chosen. The kingdom is for strengthening the Palestinian will in order for it to express itself, and it is for settling the disputes that have raged around holding or not holding the PNC. However, it does not want to fan the fires of the blazing disputes, whether among the Palestinian factions or within the Arab ranks. On the contrary, it coupled its position supporting Palestinian legitimacy, represented by the PLO, with an expression of the wish "that God will bring all these struggling people together in one framework and in unity, and will unite their ranks on the correct path leading to the restoration of their rights, the liberation of their lands, their return to their homes and property, and the right of self-determination."

Thus, Saudi Arabia spoke its piece in a matter of great delicacy and sensitivity, while the voices of others were silent, in order to avoid taking a position or out of embarrassment, and to stay clear of the fires of the burning Arab disputes.

As regards the other front, to which Riyadh has not forgotten to give its due in terms of concern and attention, it is the Gulf front, especially on the eve of convening the fifth Gulf summit conference in Kuwait.

Dealing with foreign affairs is less complicated than dealing with Arab concerns, with the exception of the Iran-Iraq war, by the nature of the situation.

However, looking at the fifth Gulf summit in Kuwait has concentrated on the following premises:

1. In the absence of joint Arab action, joint Gulf action has come to the fore, not as an alternative, but rather as a role to be enjoyed with independence of initiative within the group of six nations. The purpose is not to leave the region in a vacuum as it is now, so long as the Arab summit is in a state of paralysis, preventing the Arab world and, consequently, the Arab League, from any action until further notice, while awaiting to achieve an Arab consensus and rejecting the idea of adopting the views of the majority.

2. The people of the Gulf are content to say of themselves, or to have it said of them, that they can meet on the summit level, while holding other meetings on various ministerial levels, without the occurrence of a crisis or resorting to desperate and sometimes deceptive attempts to hold a meeting, as is the case on the Arab level. In this regard,

Gulf action has proved to be flexible in initiatives. This has been gained through active attendance on the regional and international levels. In this spirit, the fifth summit convened, amid preparations by Kuwait for all the factors that can help bring success to this summit, starting with the foreign ministers' meeting and ending with the Gulf summit conference, together with emphasizing the best types of facilities provided by the Kuwaiti minister of information to the Gulf, Arab and international journalists, in order to ensure coverage of this summit.

3. The ease of doing business among the GCC nations, and the homogeneity existing among the members, makes the task of Gulf meetings easier or less complicated than international meetings.

4. In the course of conversation about the characteristics of the fifth Gulf summit, an important element became clear. It is that collective Gulf action has now become clearer some 5 years after its appearance. The Gulf collective now has a special identity that imposes itself with great confidence and firmness. However, together with this maturity in mutual Gulf action, there have certainly appeared judgments reaching the point of disparity in views among some of the GCC states. This is in the nature of the new era, which is now in the stage of development and growth. Accordingly, there was discussion in the preparatory meetings that were held by the GCC foreign ministers concerning unifying the methods of action among the states and attempting to reinforce the finding of common denominators, while overcoming the elements of differences that naturally exist between one state and another. As an example, one can refer to the economic agreement, which the Gulf leaders adopted and whose application has in fact begun. It has become clear through practise that there are certain matters and aspects that must be corrected or rectified and dealt with. Moreover, there is the matter of the movement of Gulf citizens among the six states and the facilitation of work and investment free of restrictions. Despite all the planning that has been done in this regard in order to strengthen Gulf ties, not just among the rulers and leaders, but also among the people of the Gulf, there are special circumstances in each state which require special study, independently of and apart from the general framework that is under discussion. There is a complaint that the Sultanate of Oman demands that it be excluded from certain mutual arrangements, including the entry of citizens without visas or the issue of investing funds to establish various projects. Apparently, what is right for all Gulf people in theory and principle is also right for Oman in practise. The Omani point of view calls for taking into account the country's situation in terms of comprehensive growth plans, and that unless these plans have reached an advanced stage of growth and development, Oman cannot accept Gulf citizens who come there, whether motivated by transfer or tourism or with the motive of investment. What Muscat is asking for is more time, in order to finish some major projects currently underway in the country, in order to be able later to open its doors normally. Oman does not want, according to its senior officials, to repeat previous Gulf experience that attempted to speed things up, resulting in a number of dangers and perils.

In any event, there are a number of procedural details on the agenda of the Kuwait summit to strengthen the course of Gulf cooperation. There is nothing before the summit to cause disquiet if agreement is not reached. However, the greatest apprehension is represented by the Iran-Iraq war. This war has not been a major and pressing item on the Gulf summit agenda at any time as it is now, because the foreign ministers of the concerned states have exhausted all the discussions and proposals about this matter. It was not brought up in the preparatory meetings, but was left to the kings, amirs and leaders, since the political and military decision at this level is the responsibility of the summits.

One of the matters that is being noted on the fringe of the Gulf summit in Kuwait is that the fragmented Arab situation has become a Gulf concern. Therefore, the foreign ministers allocated a principal part of their deliberations to the request for an amendment to the Arab League Charter. The purpose of that is to attempt to extricate the Arab position from the dreadful morass which has claimed it. It is a Gulf attempt to help the Arab League to get out of the Arab contradictions and sensitivities. The Gulf's premise is based on a general perception of the full responsibility and the dangers that the Arab region as a whole faces. If it is correct that Gulf society has been enriched by the experience of cooperation among its states in a relatively short period of time, and that it is expediting the process of building a joint Gulf house, then the collapse of joint Arab action is not at all a Gulf objective, nor an ambition to boast about.

7005

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INVESTMENTS IN PETROCHEMICALS REVIEWED

London AL-SHARQ AL-AWSAT in Arabic 9 Oct 84 p 4

[Article by Mahir 'Abbas: "Fifty Percent of Loans by the Saudi Development Fund for Petrochemicals; Private Sector Investments Reach 1.2 Billion Riyals"]

[Text] The financial commitments of the Saudi Industrial Development Fund in the field of private sector industrial investments now total approximately 12 billion [as published] riyals. Since its establishment about 10 years ago, the fund has placed special emphasis on encouraging investments in the petrochemical industries sector. The fund has provided some 600 million riyals to these industries alone, representing 50 percent of its total financial obligations. At the same time, the participation of the Saudi private sector in petrochemical industry investments amounts to 1.2 billion riyals.

This information was contained in one of the studies presented to the Conference of Petrochemical Industries in Riyadh, Jeddah and al-Dammam. Some 50 studies were presented by domestic, Arab and international agencies at the conference, which was organized by the National Center for Science and Technology.

This research concentrated on the petrochemicals industry in Saudi Arabia. Khalid 'Abd-al-Rahman, who conducted the research, reviewed this industry, describing it as one of the important elements in the Saudi national industry base. He also examined the role of the Saudi Industrial Development Fund in the advancement of domestic industry within Saudi Arabia.

In his study, the researcher stated that since its founding 10 years ago, the fund has committed nearly 12 billion riyals in loans in the field of private sector industrial investments. Some 600 million riyals of this amount has been invested in the petrochemicals industry.

He said that the fund's financing, which has reached 50 percent of all projects, indicates that the Saudi private sector's participation in the petrochemicals industry totals 1,000,200,000 [as published] riyals.

He said that the fund's aid to the projects goes beyond material assistance to include consulting services in the technical, marketing, and administrative fields.

Major Role of SABIC

The petrochemicals industry sectors in Saudi Arabia are divided into a primary sector, a secondary sector, and the vegetable industries sector. The researcher described the primary sector in the petro-chemicals industry as characterized by advanced technology and a huge investment connected with a large production capacity. These concerns are addressed by the Saudi Arabian Basic Industries Corporation, SABIC.

The activity of the secondary sector is undertaken by the Saudi private sector along with SABIC. The private sector has recently undergone a major shift toward this industry. The latest entry into this sector was the Saudi National Processing Company, the objectives of which were announced at the beginning of this week by Saudi Industry Minister Engineer al-Zamil.

Producing Projects

There are presently four projects within the secondary petrochemicals industry sector, two of them already in production and the other two under implementation. One of the two projects in production is the resins plant in Jeddah, which produces polystyrene, alkyd, and vinyl resins. The plant has an annual production capacity of 24,000 tons of these products, which are used in the manufacture of fiberglass and paints. The Development Fund provided a loan of 21 million riyals for this project.

The second project now in production is the al-Dammam project, which produces 7,500 tons per year of polymers, which are used in the manufacture of dyes, adhesives, and paints. The Industrial Development Fund supported this project with 15 million riyals.

Two additional plants are currently under completion. The first will produce 25,000 tons per year of white alcohol and odorless kerosene in the city of Jeddah. This plant was designed to utilize the kerosene produced for the aerosol pesticides industry. It was supported with a loan of 40 million riyals.

The second plant under completion, which selected the city of al-Dammam as its site, will produce approximately 20,000 tons of melamine per year beginning in 1985. The plant will also engage in other conversion industries connected with this material. The project was supported with a loan of 78 million riyals.

The report also dealt with the finished products industry, which is based up to 100 percent on raw petrochemical materials. This industry includes the production of such projects as plastic products and pipe and the utilization of ethylene in low and high concentrations.

The report stated that the Industrial Development Fund supported more than 30 projects in this area and provided over 93 million riyals. It also provided 177 million riyals to 23 projects--most of them already in production--in the molded plastic products industry.

The fund also provided 116 million riyals to 13 plants in the pipe industry, including 12 producing plants whose products are used in the agricultural construction sector.

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HIGHWAY BETWEEN MECCA, MEDINA, JEDDAH OPENED

London AL-SHARQ AL-AWSAT in Arabic 10 Oct 84 p 4

[Article by Khalid Batarfi: "Complete Details on the Medina Highway Project"]

[Text] As a shining new cultural symbol on Saudi Arabia's map, the new Medina Highway was opened yesterday by King Fahd ibn 'Abd-al-'Aziz. The highway was completed over 3 years of hard work to serve pilgrims and the heavy traffic between Medina and Mecca and Jeddah. The road is 448 kilometers in length and has a paved width of 27 meters as well as a 20-meter median in the center. The highway has 29 overpasses.

In the early 1950's, visitors to Medina and the Mosque of the Prophet had to prepare themselves for a long and difficult trip over desert, mountains, and rocky and rugged areas. The only available means of transportation were camel caravans and large trucks that had to stop from time to time for extrication of the wheels from the thick and shifting sand, repair of a mechanical breakdown, or for sleep or rest.

Story of the Beginning

A single trip from Jeddah or Mecca by car took 2 days on the average--that is, if the driver and the guide were well acquainted with the road. If not, getting lost was a natural and expected possibility.

The resources of the Saudi state at that time near the end of the reign of the founder of Saudi Arabia, the late King 'Abd-al-'Aziz, were [not] the same as they are today and paved roads were limited in number, while motor vehicles were a relatively new form of transportation. In spite of all this, King 'Abd-al-'Aziz gave the order for work to begin on a project to construct an asphalt road linking the cities of Mecca and Jeddah with the city of Medina. A foreign company was charged with the project.

However, the company stopped at the town of Rabigh approximately 150 kilometers north of the city of Jeddah. Therefore, the completion of the project was assigned to the Saudi firm--just coming into existence at that time--Ibn Ladin Company, which constructed most of the long highway projects in Saudi Arabia after that time.

However, the narrow road was subject to floods and shifting sand. Therefore, the Saudi Government decided in the early 1960's to build a new road on a new route to better technical specifications. A group of companies was charged with implementing the project.

Importance of the New Road

Now as Saudi Arabia is on the threshold of 1985 and the end of the third 5-Year Plan, the improvement in means of transportation and the facilities offered by Saudi Arabia to the pilgrims has brought an increase in the number of pilgrims to 3 million from both home and abroad. Most of these guests wish to visit the Mosque of the Prophet before or after they perform the rituals of the pilgrimage and in a limited amount of time. This is in addition to the heavy daily use of the highway, which serves a large number of villages and cities, the most important of them being the industrial city of Yanbu' on the shore of the Red Sea.

In recognition of the importance of this road, and based on the Saudi state's desire to accomodate visitors to Medina, a royal decree issued some 3 years ago called for the construction of an expressway as an alternative to the existing road. The expressway was to follow a new route that shortened the distance by breaking through the rugged areas, employing suspended bridges over the valleys and in the rugged mountain areas, overcoming obstacles, and relying on advanced technological means to surmount difficult topographical conditions. It was not easy to undertake all this difficult work for a road 448 kilometers long with a paved width of 27 meters plus shoulders and a 20-meter median strip. The highway also contains 29 elevated intersections with connecting roads to the cities and villages to ensure continuous traffic flow so that users of the highway need not stop.

It was not easy to achieve these accomplishments in only 3 years. Therefore, King Fahd intervened on more than one occasion to solve problems that confronted the project. One of the most important of these solutions was the distribution of the work among 11 contracting companies--most of them Saudi--after the highway had been divided into 11 parts. Along with this measure, the ministry applied work programming, setting up a program for each contractor to monitor rates of completion and the progress of work by the latest technological means.

The highway, which was opened by the Saudi monarch yeaterday, begins south of Medina where it connects with the second ring road around the city. By this connection, the traveler can easily reach any point he wishes without having to cross the city, thus eliminating slow traffic.

From this point, the highway leads toward the Abar 'Ali area. This area was improved and organized to enable the other roads that came together in the area to be served.

Next the road passes through a large number of villages, notably al-Hasy, Abyar al-Mashi, Wadi Rim, al-Yata, al-Akhal, al-Shalakah, and al-Salim.

Here it divides into two main branches, one of which goes to Mecca and the other to Jeddah. The highway to Mecca intersects with the central beltway of the holy capital via an elevated intersection. The highway to Jeddah intersects with the ring road around the city.

The distance from Medina to Mecca is 430 kilometers. The highway consists of six lanes, with three lanes in each direction. The two directions are separated by a 20-meter median strip.

The highway has a service road on each side in the al-'Umrah planning area in the heights above Mecca. Each service road is 12 kilometers long and 11 meters wide. These roads serve local traffic and provide parking places for vehicles.

The speed limit on the highway is 120 kilometers per hour. All of the verticle and horizontal curves of the highway have been designed in accordance with stringent engineering specifications.

The Project in Figures

- The cost of the project is 2.7 billion Saudi riyals.
- Workers involved in supervision and implementation totaled 8,000 including engineers, technicians, administrators and workers.
- Excavation operations along the length of the project involved the moving of some 40 million cubic meters, while a total of 650,000 cubic meters of concrete was used for the bridges and drains.
- Some 7.2 million sacks of cement were used in the project.
- Some 200 kilometers of concrete and metal protective barriers were constructed along the highway.
- Approximately 110,000 tons of reinforcing iron was used.
- The highway was equipped with 800,000 "cat's eye" reflectors.
- Traffic and warning signs along the highway totaled 2.6 million square meters in area.

8591

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AIRLINE TRAFFIC, PASSENGER VOLUME DISCUSSED

London AL-SHARQ AL-AWSAT in Arabic 7 Oct 84 p 4

[Text] Saudi Airlines realized a major achievement in its passenger service operations during 1983, carrying 11.4 million passengers for an increase of 11 percent over 1982. This was reflected in the number of revenue passenger kilometers, which was up an estimated 19 percent over last year. The airlines carried 8.3 million passengers on its domestic routes, representing 73 percent of all traffic.

Saudi Airlines sought to combine continuous expansion with a growing level of economic efficiency in its operations throughout the world. This was achieved as growing numbers of passengers traveled on board the aircraft of the company, which sought to expand its route system while improving the operating efficiency offered to passengers as well as mechanical standards of safety.

Africa Is Biggest Market

Africa is the largest market served by Saudi Airlines, representing an increase of 23 percent over last year in which 139 million kilograms of freight was carried.

The development of freight operations was aided by the institution of automated freight control and the tracking system known as "Fast 3." This system presently operates only in Amsterdam, Paris and Jeddah. However, 10 additional stations will be linked to this system in Europe, the United States, and Saudi Arabia.

The new freight station at the King Khalid International Airport in Riyadh is the largest and most advanced freight station in the Middle East. It was designed to transport 142,000 tons of freight per year.

Advanced Position

Through these increases in activity, Saudi Airlines advanced its position among international airline companies with regard to take-off and landing schedules, with Saudi aircraft departing at their appointed times 93 percent of the time. There are over 300 flights departing each day.

Saudi Airlines expanded its maintenance facilities in a number of areas. For example, it opened an engine maintenance shop for the Rolls Royce 211. In addition, 1983 saw a substantial improvement in aircraft structural maintenance capabilities as well as an emphasis on the importance of the human factor and the training of technical and administrative cadres.

The percentage of Saudi two-man pilot crews increased to 57 percent. This led to the company's winning the World Space Sciences Organization prize for its accomplishments in the field of training, the expansion of its route system, and the offering of more complete services to the passengers compared to other international airline companies.

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CSO: 4404/47

BRIEFS

PLAN TO COMBAT DESERTIFICATION--The office of the project to curb the sands at al-Ahsa, which is under the Ministry of Agriculture and Water, is studying implementation of several new devices in a number of locations in the eastern area, which are being subjected to sand encroachment, in order to pave the way for their inclusion in the project's budget for the next fiscal year. This was stated by the project's director, Engineer Yusuf al-'Abd al-Wahid. He said the new barriers will be 10 kilometers long and 100 meters wide and will be planted with trees that combat sand encroachment. He also mentioned that the project to curb the sands has been under implementation for 22 years. It occupies an area of 4,500 hectares in which have been planted a number of agricultural barriers which depend on direct irrigation and on moisture stored in ground. The number of trees is estimated currently at 7 million, with the local tamarisk tree making up 90 percent of these trees protecting the oasis of al-Ahsa' and the neighboring villages from the problem of the sand encroachment to which the oasis is exposed annually. The project has acquired a good reputation in world circles as it has achieved success since the beginning in treating desertification and desert encroachment. [Text] [London AL-SHARQ AL-AWSAT in Arabic 13 Nov 84 p 4] 12496

EXHIBIT OF NATIONAL INDUSTRIES--The Industrial Chamber of Commerce in Jiddah is arranging, from 23 Rabi' al-Awal to 3 Rabi' al-Thani, the third exhibit of national industries. 'Abdallah Dahlan, secretary general of the Industrial Chamber of Commerce in Jiddah, stated that about 250 Saudi manufacturers will take part in the exhibit. He asserted that the state attaches special interest to the national industries and their support and encouragement. Al-Dahlan indicated that the objective for holding these exhibits is to promote industrial information and to let the people know about their national industries. He said that these exhibits are regarded as marketing centers for Saudi products, and sales at the second exhibit, which was held last year, amounted to about 10 million riyals in a period of no more than 10 days. Al-Dahlan mentioned that the Industrial Chamber of Commerce this year will grant to the plant owners the cost of renting the floor space to be prepared by the plant as a gift from the Chamber of Commerce. He stated that last year the Chamber of Commerce bought Saudi products valued at about a half million riyals, which were distributed to charitable organizations and to the people. He said that the Chamber of Commerce will arrange trips for students to become familiar with the national plants. This is to be done in cooperation with the Ministry of Education. [Text] [London AL-SHARQ AL-AWSAT in Arabic 13 Nov 84 p 4] 12496

ELECTRIC COMPANY'S ACHIEVEMENTS--The number of electrical connections made by the Saudi consolidated electric company in the western region during the past year was 667,554. The director general of the company, Dr Talal Bakr, said that the number of electrical connections in Jiddah came to 263,693, and in Mecca the connections came to 161,570, while in al-Madinah there were 121,683, in al-Ta'if there were 77,517, and in other branches there were 43,091 connections. Dr Talal said that the increase in the number of connections in the western region during the last 3 years came to about 58.7 [percent] of the total connections made at the end of Hegira year 1401. He added that the services of the Saudi consolidated electric company, in the western region, stretches from the city of al-Wajh in the north to the city of al-Lith in the south and that 39,000 connections were made during 1404, an increase of 18 percent over 1403. He said the amount of energy sold for industrial use from the first of Muharram to the end of Shawal of last year came to 231,136 megawatt hours in Jiddah, 132,508 megawatt hours in Mecca, 281,491 megawatt hours in al-Madinah, and to 12.43.5 [as published] megawatt hours in al-Ta'if. [Text] [London AL-SHARQ AL-AWSAT in Arabic 13 Nov 84 p 4] 12496

TRAINING IN MARITIME TRANSPORT--The Saudi National Company for Maritime Transport is now setting up a training program, to last about 4 years, for 15 Saudi trainees as the first training class in the Arab Academy of Maritime Transport in al-Shariqah emirate in the UAE. This is among the objectives of the company to attract and train Saudi youth both technically and scientifically in the various specialties connected with the field of maritime transport. The Saudi National Company for Maritime Transport is a Saudi corporation that owns a group of the largest ships in the world, which qualifies it to be one of the largest companies leading in the field of maritime transport, since the quantity of goods transported in the company's ships and delivered to the ports of the kingdom and the Arab Gulf as well as other ports during 1983 amounted to 505,190 tons. [Text] [London AL-SHARQ AL-AWSAT in Arabic 13 Nov 84 p 4] 12496

CSO: 4404/80

SYRIA

COMMENTARY ON SYRIAN SUPPORT FOR LEBANON

JN221331 Damascus Domestic Service in Arabic 1130 GMT 22 Dec 84

[Station commentary]

[Text] Dear listeners, during the past few days President Hafiz al-Asad and Lebanese President Amin al-Jumayyil have held many contacts, and Lebanese and Syrian envoys have exchanged messages between the two fraternal countries. These intensive contacts, which fall within the framework of consultations and exchanges of opinion between Syria and Lebanon, have become natural between the two countries. These contacts are in harmony with the distinguished relations that exist between the two twins, and they are necessary in order to coordinate action, activity, and stands, for the support of efforts being exerted to achieve the objectives of Syria and Lebanon.

Experience has proven that establishing good relations and cooperation between Syria and Lebanon serves Lebanon's national interests and is in harmony with the dimensions of Lebanon's leading role within its Arab environment. The good relations and cooperation also serve Syria's national and pan-Arab interests. Experience has also proven that pushing Lebanon toward hostility with Syria and toward undermining relations cannot benefit Lebanon or its people. Syria has always looked at Lebanon from the perspective of common fate, interests, affiliation, and history as well as from the perspective of distinguished, unique relations. Syria has always stood at the side of Lebanon and its people in their struggle to achieve their national objectives, to protect their unity and territorial integrity, to exercise sovereignty and independence, and to liberate the Lebanese national soil from the Israeli occupiers.

On its principled stand, Syria strongly supports Lebanon in resisting pressures put on it to submit to U.S. and Israeli demands which encroach on its sovereignty, independence, and right to spread the authority of its central and legitimate government over all Lebanese areas without exception. This is in accordance with UN Resolutions 425, 508 and 509. Out of this principled stand, Syria also works to achieve unconditional Israeli withdrawal from Lebanese territories as soon as possible. This objective is a Lebanese national priority which must be tackled through Lebanese and Arab efforts in such a way that Lebanon's rights to its territories, waters, and space will be preserved, and both Lebanon's unity within its international borders and its people's unity within the framework of fraternal coexistence among all factions will be supported on the basis of justice and equality.

Out of this position, Syria supports fraternal Lebanon, stands by its side, and uses all of its resources to help it overcome its internal difficulties and continue the march of national accord and security. Consequently, all Lebanese national efforts will be aimed at expelling the Israeli invaders from Lebanon and rejecting the U.S.-supported Israeli blackmail conditions which are based on fabricated differences and disputes in Lebanon.

Israeli is no longer the party which can do whatever it likes in the region without being taken to task or without paying the price. Lebanon's mountains, valleys, and plains are evidence of the vulnerability of the Israeli army and morale. This characteristic was affirmed by the liberation was of October 1973. Israel's internal, economic, and financial situations show the internal pressures which Israeli expansionist policy is facing. Israel's recent blackmailing attempts will never succeed or deceive anybody.

Dear listeners, Israel will withdraw from Lebanon despite its attempts at procrastination, blackmail, and imposing conditions. The important thing is that Lebanon should continue its national battle and achieve a real national unity.

CSO: 4400/60

AL-BA'TH ON DETERMINATION TO FOIL ANY AGGRESSION

JN230820 Damascus Domestic Service in Arabic 0345 GMT 23 Dec 84

[From the press review]

[Text] Under the headline "Israel's Threat and the New U.S. Trend" AL-BA'TH says: Since U.S. Presidential Envoy Murphy's departure from Beirut, the series of booby-trapped cars began in Lebanon and was accompanied by the disruption of the security situation on some contact lines in the Lebanese arena. One wonders. Has the Reagan Administration given a green light to Israel and to its agents in Lebanon to carry out their role of reconfusing the cards, particularly as some developments occurring in the Arab region in the wake of the convening of 'Arafat's divisionist council dictate all this according to the U.S.-Israeli concept of the state of affairs? AL-BA'TH says that the U.S. Administration which reluctantly accepted to withdraw its forces from Lebanon had said at the time that the matter calls for a reassessment. This means that it intends to return in case changes occur in the region which could serve its policies.

It has been noticed that during U.S. Presidential Envoy Murphy's tour of the region, his talks did not focus on the Lebanese issue, that is on Al-Naqurah talks, as much as on what has taken place in the Amman divisionist council and, subsequently, Husayn's meetings with Husni Mubarak, talks which were said to have dealt with the definition of a formula for future action with 'Arafat on the Arab and international level to complete the Camp David accords.

AL-BA'TH adds: It seems that Murphy, who met a delegation representing 'Arafat and his clique in Amman has obtained all that the Reagan Administration had sought to obtain from the Jordanian king as well as from 'Arafat. From this premise, Israel's threat to Lebanon that it will suspend the Al-Naqurah military talks and that it will disrupt the security situation is not a coincidence but part of the new U.S. trend in the region.

AL-BA'TH concludes: Syria knows very well that Husayn, 'Arafat, and Saddam have been ruminating for many years. That's why Syria was not surprised by what the enemy has undertaken in the Al-Naqurah negotiations and will not be surprised too by any future U.S. stand toward Syria and Lebanon. Based on all this, we believe that the security deterioration in Lebanon is more than an eventuality and that the incitement of Israel and others to provoke Syria is

also an eventuality. However, we would like to reaffirm to all of these that Syria which has strongly confronted military, political, and economic pressures is now capable, depending on its masses, the Arab nation's masses, and its friends in the world, of confronting any eventual enemy aggression whether through Lebanon or any other party. Those who believe that Syria will act otherwise will be committing a great mistake.

CSO: 4400/60

SYRIA

BRIEFS

PHARMACEUTICAL COMPANY ESTABLISHED--Damascus--President Hafiz al-Asad has issued a decree for the establishment of a pharmaceutical company. This aims at establishing and promoting the pharmaceutical industry in Syria. The objectives of this company will include manufacturing medicines, making use of world licenses for the manufacture of medicines, encouraging scientific research in the field of medicine, and providing incentives to those who carry out research. At the time of establishment this company's capital is specified by law to be Syrian pounds 40 million. This will be divided into 40,000 shares. Capital will be increased when necessary. [Summary] [Damascus Domestic Service in Arabic 0315 GMT 30 Dec 84 JN]

BRITISH-SYRIAN COOPERATION--Damascus, 22 Dec (SANA)--Dr Ghazi Durubi, minister of oil and mineral wealth, received the British ambassador in Damascus today. They discussed cooperation between the two countries regarding oil, and the projects that Syria will implement in the field of oil and mineral wealth. The British ambassador expressed his country's readiness to train some Syrian technicians in British oil establishments. [Text] [Damascus SANA in Arabic 1430 GMT 22 Dec 84 JN]

CSO: 4400/60

BRIEFS

DUBAYY'S JULY NON-PETROLEUM TRADE--A statistical report released by the Ports and Customs Department on 29 November says that Dubayy's exports and imports of non-petroleum goods in July 1984 totaled 592,650 tons whose value was 2,092,468,658 dirhams. Weight of imports totaled 505,843 tons and their value totaled 1,624,358,129 dirhams. Exports and reexported goods weighed 86,007 tons and their value totaled 467,110,529 dirhams. Reexports constituted about 30 percent of imports in July. [Summary] [Dubayy AL-BAYAN in Arabic 1 Dec 84 p 2 GF]

CSO. 4400/60

WEST BLAMED BY AHMAD SHAH MASUD IN INTERVIEW

PM081527 Rome AVANTI! in Italian 23-24 Dec 84 p 17

[Unattributed "exclusive" interview with Afghan guerrilla leader Ahmad Shah Masud--date, place not given]

[Excerpt] Question: Major Masud, what is the relationship between the guerrillas and Islam?

[Masud] Islam has an important role in our revolution. It is a vital element in our war. We want an Afghanistan free from Soviet domination, and we want the right to our fathers' faith to be freely asserted in our country. These objectives go hand in hand.

Question: At present the Afghan resistance is divided into at least six main groups. Is this not a source of weakness?

[Masud] The presence of six movements or parties will undoubtedly hold back the Afghan revolution, but it cannot prevent its success and victory. Even if there are six different parties, the Afghan revolution will triumph, God willing, although with some delay. Moreover negotiations to achieve unity are under way and, even more important, initiatives are being taken inside Afghanistan to group in a single front all the mojahedin fighting the Soviet invasion.

Question: Who gives you aid in the form of arms?

[Masud] Neither the West nor the Islamic world, although we urgently need ground-to-air missiles to shoot down Soviet helicopters and jets.

Question: Some people in the West think that supplying military aid to Afghanistan would make the situation worse not better because there would be an "escalation" of the conflict. What do you think of this theory?

[Masud] The West is wrong to think that it would prompt an "escalation" of the conflict by helping the Afghans. As I understand it, the Soviets have already used some of their most destructive weapons in Afghanistan. If we could obtain arms from other sources, if we could have better arms supplies to counterbalance the Russians' war efforts, the course of the conflict would

turn in our favor. The Russians have already made it known to us that they would be prepared to suspend the fighting on certain conditions. But for us victory means being in a position to extend the war against the Soviets as much as possible, and to reach Kabul. Only if we did this would the Russians be prepared to leave Afghanistan or even sit down at the negotiating table.

Question: Are the Soviet bombing raids causing very serious damage?

[Masud] The Russians are carrying out bombing raids and setting fire to houses and crops. It will take years to repair the damage. The economic damage is extremely serious. Recently the Russians dropped pamphlets from helicopters and planes which read: "If you do not come down from the mountains, and give yourselves up, we will destroy all your property." When they realized that the population had no intention of giving themselves up, they set fire to all the wheat fields.

Question: People also say that the Soviets have burned civilians alive.

[Masud] I have seen it with my own eyes. I have seen bodies still burning, especially during the last offensive. When the Russians launched the last offensive, they killed many people. In a village called (Ferogz) they took 20 to 25 people and cut their throats with knives and bayonets. In a village called (Hajay) they killed 40 to 45 people, old folk, women, and children. They killed them with submachine guns, and they burned some of them alive. They did similar things in many villages. During the last attack in (Domaz), (Monjur), and other areas, some old people were taken by surprise and were unable to flee into the mountains. They killed them by cutting their throats, and they burned some of them alive.

Question: How is the civilian population coping with the effects of the conflict?

[Masud] The children are suffering most. After an air attack many of them are unable to speak or move. I saw a little girl with an arm wound after a bombing raid. I saw the wound and lifted up the girl, who did not react at all. She virtually did not move at all, she did not say or do anything.

Question: And they continue to fight despite all this?

[Masud] There are many problems, but morale is high. We are poor, we do not have enough weapons, but the population is helping us, 80 percent of them are behind us, I would say almost all of them. The more the Russians bomb and destroy, the more united and determined the people become. The Soviet bombing raids in Afghanistan are counterproductive, just as the American raids were in Vietnam. The Russians can double the number of men they have in Afghanistan and adopt a policy of genocide. But we will continue to fight, the number of fighters we have is increasing every year.

Question: Maj Masud, what would you like to say to the Western leaders?

[Masud] For 5 years the Afghan people have been fighting virtually unarmed to prevent Russian domination spreading anywhere else. It is a historical task we have shouldered. Thousands of people have been killed, and we have overcome infinite problems and privations merely with the strength of our faith. For 5 years the Soviets have been engaged in Afghanistan without succeeding in obtaining even the slightest real consensus from the population. The Russians' objectives are clear. They want to reach the warm seas, to reach the Gulf countries, and block the oil routes. Responsibility for this will then rest on the shoulders of the Western statesmen. It is not enough to help us with words, which is what the West has done so far. The Western statesmen are responsible for the future, and one day they will have to answer to their peoples.

CSO: 4628/02

FRG PAPER VIEWS NEGATIVE ASPECTS OF GUERRILLA WAR

DW031548 Hamburg DIE ZEIT in German 28 Dec 84 p 3

[Andreas Kohlschuetter article]

[Text] Kabul, December--The winter sun makes Kabul look surprisingly commonplace and relaxed, neither threatened nor besieged in downtown Kabul there are the traditional and timeless crowding of people, the colorful and chaotic activities of shopkeepers and artisans, jobbers, money changers and onlookers. It is the Afghan bustle of supply and demand, looking halfway modern times and halfway middle ages.

Bazaar markets are full of Japanese transistor radios, hifi electronics, and watches, Indian tea and cloth, Cuban sugar, Russian flour, Afghan lamb joints, eggs, nuts, apples from Qandahar, tomatoes and bananas from Jalalabad, and mountains of cauliflower from the provinces. As before people and commodities are flocking together here from all parts of the allegedly not passable, not trafficable and not cultivable country. War, at any rate, seems to be far away. Only now and then a bunch of Russian or Afghan armored cars are seen in traffic--passing by without any hurry or special urgency and without showing a finger on the trigger.

At nightfall the scene is changing. The enemy comes nearer, and the streets get empty. Quite early "shops" and sales stands in the old city's labyrinth are bolted and shutters are lowered in the carpet bazaar. Behind the walls and fences of houses watch dogs are starting their howls that are setting one's teeth on edge.

The curfew starts at 2200 hours. A cover of cold tension and nervousness descends over the city. What is repressed or even forgotten at daylight becomes present all of a sudden: an embittered and murderous guerrilla warfare without any solid fronts is raging in Afghanistan 5 years after the Soviet invasion. Russian occupation troops and the Babrak Karmal regime which they installed in December 1979 are confronted in bloody stalemate with the Afghan resistance fighters who do not want to give up. There is no end in sight.

Afghan reality is being brought to light at night. The sidescene of the Kabul city and mountains which is illuminated by fireballs and by jerkily scanning searchlight beams brings home that this central Asian country continues to be

without peace. There is a threatening rattling of tank chains. Sinister and original screams were uttered from the throats of patrolling Afghan soldiers, "dreesh" ["stop, attention"] the silence is being disrupted by the volleys fired by automatic weapons. Time and again the shrill whistle of rocket fire from guerrilla positions in the Logar mountains, 18 to 20 kilometers south of Kabul, is being heard, which is rumblingly answered by heavy Soviet artillery from the compound of the Rishkor base at the outskirts. Then the "Stalin Organs" of the BM-21 type, which are firing from 40 barrels with the noise of a starting jet, are getting into action in this Kabul serenade. From afar the echo of muffled strikes is resounding in Kabul

However, the nocturnal rocket attacks by the insurgent mujahidin do not cease. Hundreds of such shells of the 107 millimeter caliber (and as of late also bigger ones) were fired on Kabul during the last few weeks and months, though without any military effect. Strategic objectives, such as the airport, which is crammed with helicopter gunships and Antonow transporters, the Soviet Embassy, the Defense Ministry, the television tower located on a high mountain ridge, and the radio television broadcasting centers remained spared except for graze or chance hits which caused material damage that was rapidly overcome.

The main victims of the rocket attacks usually are Afghan civilians who are killed by the dozens during the arbitrary shelling of the old city and the dwelling quarters. The inaccurate rocket offensive from the depth of night have, above all, a psychological effect. They are to demonstrate the continuing presence of the insurgent mujahidin and to disturb the indisputable normalcy of Kabul's everyday life. Insecurity and fear are to be carried into the Afghan capital which during the past few years has grown from originally 800,000 to roughly 2 million people by a flood of refugees from areas stricken by the war who are seeking shelter.

Setbacks for the Rebels

This is why Russian experts tantalized by fear of the rockets are already hurrying from the upper to the lower floors in the functionaries' residential barracks of Microrayan. In the Wazir Akhbar Khan diplomats' quarter bedrooms are being relocated to the cellars or other rooms with as few windows as possible. German teachers are surrounding their beds with invented anti-splinter covers. "We are waiting for our fate," an Afghan engineering instructor said stoically, who lives in a suburb of mud cottages without water and electricity supply. However, night by night he crams himself with German grammar under the kerosine lamp-light, irrespective of the noise. He wants to take to his heels as soon as possible with the help of a GDR scholarship.

The mujahidin now possess weapons that are stronger and with a longer range than before. They are equipped not only with new surface-surface missiles of Chinese and American origin. They also use an increasing number of portable man-launched surface-air missiles (SAM 7/8)--Soviet weapons systems which are delivered to the resistance groups against hard CIA dollars by China and Egypt via Pakistan.

According to diplomatic circles the Russian losses in helicopters increased considerably. Afghan government officials keep sitting on their bags for days because the smaller aircraft flown in domestic flights to Qandahar, Leshkergah, Khost, and Jalalabad have become too insecure. Cross-country trips, even in protected bus convoys, constitute a mortal danger for government representatives of all levels because of the frequent attacks waged by the mujahidin. After having downed a packed Soviet troop carrier aircraft near Kabul and seriously damaged a civilian Afghan DC-10, the four-engined Antonov-12's approaching Kabul are protected from the heat-searching SAM-7 projectiles by means of glittering aluminum foils diverting the rockets. The passenger planes stay at an altitude of 8,000 meters outside the range of the SAM-7's precisely above Kabul airport where they land after a deafening, extremely narrow spiral flight.

Nonetheless, Western and well informed Third World diplomats say that 1984 was "the year of significant setbacks and losses of positions" for the Islamic rebels. However, it will take a long time before resistance can be definitely eliminated. The Kremlin and the Kabul regime are obviously preparing for a long war. "Kabul will have to live with the mujahidin rockets for another one or two years," predicts an East European ambassador who would prefer to make a more optimistic statement.

At the same time, all appearances and our talks in Kabul increasingly give the impression of a progressing, lingering normalization. The realities of the invasion apparently are irreversible. An American diplomat says: "I am discouraged, not because the mujahidin are defeated, but because they will never be able to win." The Indians say, "the die is cast." Pakistani observers also do not see any opportunity for resistance to force the Soviet superpower to withdraw and give up the Babrak Karmal regime: "The Russians have time, and time works for them."

Afghan has never been and will never be Moscow's Vietnam. There are no geopolitical conditions for that, and the Soviet losses of human life--according to U.S. sources, 9,000 dead in the 5 years following the invasion--and materiel in the guerrilla war on the Hindukush are much too small, while the possibilities of deployment for the rebels who are in disagreement, incapable of staging large-scale actions, and lacking political goals, are much too limited. For the Kremlin leaders, the situation in Afghanistan certainly is annoying, but by no means untenable or intolerable. Almost all observers in Kabul agree that the military, economic, political, and diplomatic costs of the Soviet Afghanistan expedition have by far not been high enough for Moscow to blow the retreat, to take as a communist superpower the risk of a world-wide loss of face and prestige, and to allow the allied Kabul revolutionary regime on Russia's southern border to be ruined in chaos and anti-Soviet Islamic fanaticism.

The small number of Western journalists who are still given entry visas by Kabul, are not allowed to visit Afghanistan outside the narrow city borders which are cordoned off by the military and secret police. Promised trips into the province are called off at the last minute" for time and organizational reasons." A forbidden look--when the sentry was not watching--at Kodaman

Valley north of Kabul, which previously was a stronghold of the rebels, to Salang Pass reveals a lonely and depopulated region which formerly was densely populated. But it is not totally deserted, as the crowded afternoon buses from Kabul show. Destructions by the war can be seen, although the villages have not been levelled to the ground and the fertile valley has not been bombed back into the stone age, as rumours in Kabul have it. The wine and fruit cultures are largely intact and look well cared for. The trees along the old main road were cut, but not because of brutal anti-guerrilla battles according to the scorched earth strategy but probably rather for the construction of a wide track for the endless Soviet tank and supply columns.

By the way, the two weeks of journalistic research, are restricted to Kabul or "Kabulistan," as the capital is ironically called because of the Afghan rump statehood. From this view, the situation is as follows:

The mujahidin have improved their military power but not their efficiency. In 1984, they were unable again to conquer and hold strategically important terrain. They were driven out of the cities of Urgan and Khost in the Pakistani border area and forced back into the mountains of Panjir and Anderad Valley, the only major continuous guerrilla area, running into the North-South main axis. Wedged in between Russians and uncooperative Iranians, the insurgents in Herat stand with their backs to the wall. GDR experts report that in the northern provincial capitals of Kunduz and Baghlan the situation is even so quiet that the night curfew was lifted. Kabul is exposed to rocket firing from a distance, however hardly any more to direct attacks or command actions. Kabul no longer is a front city and main theater of war--as it was in the summer of 1983.

Resistance continues to be split up. The different groups cooperate only on a very local and never lasting basis. Guerrilla leader Ahmad Shaah Massud, the "Lion of Panjir," has tried in vain to set up a supraregional partisan force. His experiment apparently has failed. The traditional antagonism between the Pushtu master people and the Tajik minority whom they despise has proved to be stronger than their common animosity of the Russians. The feud in exile between the moderate fundamentalists, the Jamiat Islami ("Islamic society"), to which Massud belongs, and the radical fundamentalists, the Hezbi Islami ("Islamic party"), continues in the interior of Afghanistan.

Fragmentized and localized, without any air cover, and insufficiently equipped for communications and large-scale mobility, the mujahidin were unable to wage more than a mere ambush- and pinprick war. Unlike the Vietcong or the Algerian SLM, the backward Afghan rebels lack the indispensable military-political unity of action as well as the necessary political cadres to convincingly challenge the legitimacy of the Kabul regime and offer a credible alternative.

In 1984, the Russians took the initiative in Afghanistan. Under Andropov, Moscow was satisfied with exercising limited control of cities and main traffic axes--quite in accordance with the traditional Afghan way of exercising power. The rear area was left to itself and the rebels. The emphasis was on the containment and political disintegration of the insurgents through infiltration,

subversion, bribery, and by playing individual tribes and majahidin units off against each other. Under Chernenko, the persecution and destruction of resistance also in the interior of the country are part of the Soviet strategy.

Thus the mujahidin for the first time were cornered by way of simultaneous large-scale offensives all over the country: Panjir Valley, Qandahar, Herat, Mazir Sharif, Pakhtia, Logar, and Parwan. Panjir Valley, 100 kilometers long and a key strategic position, which the Soviet-Afghan forces in the past years had withdrawn from time and again following brief purges, was occupied by two-thirds and has been held by way of setting up stationary garrisons. Finally, the military blocking of border crossings to Pakistan and Afghanistan is being pushed.

A priority goal of this Russian strategy is the destruction of the guerrilla: physically, logistically, through depopulation and the withdrawal of local supply bases. Initial successes become manifest in the full bazaars of Kabul whose food, electricity, and energy supply decisively depends on secure transportation. The Russian troop contingent stationed in Afghanistan has by no means been substantially increased. In 1979, some 85,000 men marched into the country. Today, U.S. quarters estimate their military presence at 115,000 men. However, they are reinforced by mobile task reserve forces--roughly 30,000 men--who are flown in and out of the country, as the situation requires. Military observers point to the fact that the Soviets have succeeded in adjusting their awkward conventional war machine to the requirements of partisan warfare.

Contempt of the Military

However, the Afghan army remains the weakest point in the Soviet normalization process. The motivation and loyalty of this army of forcibly recruited draftees covering all 16 to 50 year-olds not only for two but four years, remain extremely questionable. Soviet representatives make no bones about their contempt of this "disorderly lot" of Afghan soldiers. An East European chief of mission admits: "Every three months, 5,000 soldiers defect and go back to their tribal areas," adding: "My German sheepdog is worth 15 Afghan soldiers."

However, the Afghan military and paramilitary forces should not be totally left out of account. That also is a concern of the Indian military attaches and embassy representatives. It is true, they do not withhold the fact that the self-destructive quarrel between the "Khalk" and "Parcham" wings of the "People's Democratic Party" in the army continues. But they point to progress in the administration. Logistics, technical services, training, and the growing combat experience of the troops and officers, which is of importance in the long run. They reckon with a hard Afghan military core of roughly 80,000 men, including efficient police and secret police units as well as units of party and youth organizations.

The Babrak Karmal regime does its best, but that is not enough. The marks of Cain of a foolishly radical and violent socialization in the years 1978/1979 and of the Russian invasion continue to have a deterrent effect. The slogan is ideological restraint, voluntarism, gradualism, respect for the "holy religion of Islam," for the family, private property, and traditions.

Afghanistan's flag which was dyed red in 1978, now has its original black, red, and Islamic green colors again. The state no longer persecutes Islam, but subsidizes it by building mosques, paying the mullahs, and financing pilgrims to Mecca. Ramadan lent is mandatory again, and the party-state leaders pray to Allah in the mosques. The detention of entire families, and imprisonment without trial which were customary under the infamous president Amin, belong to the past.

The reform projects are remarkably reasonable. The land reform which creates private property is accompanied by measures like cooperatives, an agricultural bank, motor and tractor stations. They did not exist formerly. The private sector, in particular trade which still contributes 85 percent of the national revenues remains untouched. Prices are regulated very cautiously and indirectly by means of low-price offers in state- and factory-owned shops. The historically grown "Jirga" system of tribal assemblies and local self-administration will constitute the basis of the future state order which will be a combination of democracy and centralism. Kabul does not pursue the forcible emancipation of women.

And yet, all reform projects largely remain theory and are like potemkin villages. This is not only attributable to the insecurity of vast ungovernable areas as a result of the war. The fact is equally important that the April "revolution" of 1978 was not a revolt of poor and suppressed workers or masses of peasants, but just an attempt of a progressive civilian and military elite. Their belief in progress is not shared by the Afghan tribes--on the contrary, their demand for a centralized state is resolutely rejected. In addition, "the Russians have spit on the steak which could perhaps have been made palatable to us," a retired military officer in Kabul said once who, properly speaking, was not against Babrak Karmal.

Moreover, a "new class" of careerists and profiteers has emerged who have never made really revolutionary sacrifices, have their chauffeurs drive them around in expensive Mercedes limousines, move into villas, and are supplied with special electricity when the other poorer quarters of the city are without electricity. Despite all goodwill statements, an evil spirit of totalitarian temptation haunts the city. The promise of non-violence is not kept; there are spies and secret service men everywhere.

The Afghans are weary. The furious outcry of all of Kabul against the Soviet occupation power in February 1980--"Allahu Aqbar"--"God is great"--has stopped. Those who have not taken refuge or defected to the mujahindin only offer passive and mental resistance. They are happy at an attack by the mujahindin on Soviet escort vehicles of a bus convoy by which they are just going to Quandahar. They listen to BC and partisan radio broadcasts, impatiently waiting for news on the rebels' successes. They quietly rejoice at the overwhelming majority of votes against the Soviet Union at the end of the Afghanistan debate at the UN General Assembly. The Afghans see themselves "cornered between two fires--the Russian and the fanatical Islamic," as a very young functionary says. They come in large crowds from the country to Kabul, because they are fed up with the demands by both sides: "This night, Russians and government troops come and ask us for money, food, and recruits.

Tomorrow night, the mujahindin come with the same demands. And both threaten they will shoot us if we collaborate with the other side."

They get enthusiastic time and again about the "war of barefooted Afghans against the Soviet superpower." They tell the story of the Russian tank which was made inoperative by a swarm of bees. They cling to short-lived hopes and old wishful dreams of the Afghans who so far have always successfully struggled against every foreign rule.

Such dreams have much in common with the kites or "Gudiparans" flown by the children in Kabul at this time of the year. Like them, they rise steeply and fall quickly. However, the Soviet helicopters fly higher and more steadily than all Afghan kites and dreams. With the continuous noise of their rotor wings they circle over the capital, putting Afghanistan in chains.

CSC: 4620/18

LAWS ENACTED TO BENEFIT TOILERS

Kabul HEYWAD in Dari 28 Oct 84 p 2

[Interview with Abdolkarim Shadan, chief judge of special court; place and date not specified]

[Text] [Question] Following the victory of the Sawr Revolution, our revolutionary government has accomplished a major task of drawing up and implementing democratic laws. In your opinion, how important is the role of concentrated legislation activities in strengthening revolutionary planning institutions in the country?

[Answer] There has been a big and unprecedented achievement in drawing up and implementing democratic laws, more than 300 pieces of legislation having been approved and put into effect.

In the DRA, laws reflect revolutionary ideals in the country and help bring about popular and democratic institutions that achieve the interests of workers and toilers and insure continued economic and social growth.

Legislative measures approved by Revolutionary Council of the DRA on 31 Shahrivar 1363 [22 September 1984] are unparalleled documents reflecting the importance of law and legislation and the strengthening of the revolutionary legislative process in the country and are wise and guiding instruments important in the strengthening of current revolutionary planning institutions.

[Question] What are the major democratic changes since the victory of the revolution either in previous laws or in the introduction of new legislation?

[Answer] The laws in force prior to the Sawr Revolution protected the interests of a minority handful of freeloaders and were in essence a means to the cruel strangulation, suppression, despotic domination and exploitation of the workers and toilers of the country.

The essence of the revolution could not accept the anti-democratic shape of these cruel laws. Recognizing the necessity of changing these laws, the government of the DRA embarked upon the formulation and implementation of laws that would be in line with all workers of the country. Legislation put into effect since the revolution, and particularly since its new and evolutionary phase, have been based on expounded positions of the Central Committee of the PDPA and

basic principles of the DRA in channeling the ideals of the country's millions of workers toward achievement, in facilitating the all-round growth of society and the achievement of human needs of the toiling people of Afghanistan, and in creating a bright society of the future which in essence would provide the party and the government an effective means of carrying out its humane policy.

[Question] In your opinion, what is the effect of the practical application of democratic changes in laws on the day-to-day workings of legal branches and what difficulties still remain?

[Answer] The work of legal institutions in the DRA are based on laws which the revolution has bestowed and which have been formulated upon and reflect the basic principles of the DRA. Should at any time any part of the laws not conform with the basic principles of the DRA and/or in cases when the law is ambiguous, the court will adjudicate the issue in accordance with the intent of Article 56 of the basic principles of the DRA, religious tenets as well as democratic and just legal principles. It must be added that in putting the democratic laws of the DRA into practice, the handling of legal cases by legal institutions are more precise, just and faster than before. It should be said the democratic revolutionary laws require these qualities.

Nevertheless, there are still problems stemming from the intent and wording of a number of laws. Careful work is in hand to revise and improve these laws.

[Question] What legal institutions have come into being after the Sawr Revolution that can pave the way for the materialization of the changes that have taken place?

[Answer] Among new legal institutions created after the Sawr Revolution that can pave the way for the materialization of the effected changes one can mention the establishment of various branches of the supreme court of the DRA, the special revolutionary court of the DRA and the tribunals of the armed forces of the DRA. Each of these organs exercise their legal role in the DRA in accordance with the democratic revolutionary legal process.

[Question] The legal branches of Afghanistan operate on a very antiquated administrative system which from many aspect need renovation. How much effort has been made to bring the make-up and operation of the legal institutions of the country into line with the new and democratic thrust of the laws and what are the future expectations regarding the operation of legal processes in this matter?

[Answer] The legal branches in Afghanistan operate according to the views reflected in guidelines of the PDPA and the government of the DRA as well as the aspirations of all toilers of our revolutionary nation. Nevertheless, it must be stated that there still are shortages and inadequacies in the work of these institutions even though it should be added that the leadership of the PDPA and the DRA government devote constant attention and care to the legislative process and the strenghtening of the legal system in the country and assess the work of these institutions through constant supervision and oversight in order to insure that the country's legal branches operate according

to the intent of the democratic and new laws. It appears that right now the Ministry of Justice of the DRA, responding to evident needs in the legislative process, is drawing up and revising a number of laws whose context and shape promise positive changes in the operation of these institutions.

Moreover, each of these institutions are seeking to train cadres loyal to the concept of the revolution and revolutionary law and appoint them in carrying out legal obligations.

5854

CSO: 4664/4

OVER 310 THOUSAND FARMERS RECEIVE LAND

Kabul HEYWAD in Dari 27 Nov 84 p 2

[Interview with deputy chief of land and water reforms; name, place and date not specified]

[Text] The deputy chief of the Land Reform Office commented on what is being done in the present stage of land and water reform by saying: In the present stage of democratic land and water reform the following measures in process: The correction of mistakes of the previous stage of land reforms, the distribution of land and water as well as ownership deeds to farmers and landowners, the settlement of land tenancy matters, water rights, stabilization of land and change to first grade level, the stabilization of the true grade-level of land, the distribution of land to state farm cooperatives and other public-service institutions, adjudication of disputes over land and water resulting from the implementation of land reforms, registration of details and descriptions of the quality and size of lands in land records, finance books and the records of operational groups as well as providing farmers with material and technical aid such as fertilizer, improved seed, pesticides, farm machinery and bank loans.

Commenting specifically on the amount of land and the number of farmers benefiting from land grants since the start of the land and water reforms he said: Since the beginning of the democratic land and water reforms until the first 6 months of 1363 [21 March 1984-22 September 1984] a total of 679,567 hectares were distributed among 310,140 landless farmer-households, those with little land and farm workers.

Referring to difficulties in the implementation of land reforms and their solution, he noted: The major problems which presented obstacles in stabilizing land ownership and the distribution of official title deeds to farmers and landowners stemmed from some sections of Decree No 8 which had been issued by the Revolutionary Council of the DRA concerning land and its regulations and the law governing the process of ownership. As a result of a decree issued by the executive committee of the DRA Council of Ministers in November 1983 and changes that followed, farmers have benefited from many facilities.

The land reform deputy had this to say about the land and water reforms actually under way: At present the work of land and water reforms is being carried out

by 69 operational teams of the Office of Land and Water Reforms in the provinces of Kabul, Parwan, Wardak, Lowgar, Kapisa, Bamiyan, Nangarhar, Konarha, Laghman, Paktia, Ghazni, Qandahar, Herat, Badghis, Ghowr, Baghlan, Zabol, Helmand, Farah, Nimruz, Konduz, Takhar, Badakhshan, Samangan, Balkh, Jowzjan, Faryab, and the district of Khost.

5854

CSO: 4665/4

HUNGARIAN PAPER INTERVIEWS CPI GENERAL SECRETARY

AU271016 Budapest NEPSZABADSAG in Hungarian 23 Nov 84 pp 1, 3

[Interview with Rajeswara Rao, general secretary of the CPI, by Gyorgy Jozsef Farkas: "Our Most Important Task: To Block the Advance of the Right-- Rajeswara Rao, General Secretary of the Communist Party of India, Intertwined by NEPSZABADSAG"; date not given]

[Excerpts] [Question] According to the evaluation of the Indian communists, when forces took part in the preparation and carrying out of the attack against Indira Gandhi?

[Answer] We believe that the attack was preceded by a well-organized conspiracy. Those who carried it out directly, the two Sikh members of the guards, had to be in contact with the "Khalistan separatists," the extremists demanding the separation of the Sikh-inhabited territories, that is, of the Punjab. That an attack was being prepared against the prime minister and even the president of the republic and other personalities was, in fact, no secret; it was openly declared by the reactionary Sikh leaders.

Our late prime minister took a stand against imperialist efforts, supported national liberation movements, fostered good relations with the socialist countries and the Soviet Union and conducted a peace policy, and did all this consistently and over the long term.

[Question] Mrs Gandhi's death was followed by disturbances, by murders. Who were those behind these violent acts?

[Answer] This question is rather complex. On one side were the chauvinist Sikh forces, the followers of Bhindranvale, the terrorist leader killed during the siege of the Golden Temple of Amritsar, who were plotting to separate Punjab from India.

Not just one party strove to use the situation that emerged after the assassination to strengthen its own position--and this is our firm conviction. I can mention here, first of all, the Bharatiya Janata Party (BJP) which gathers rightwing Hindus, and also its semimilitary organization, the Rastriya Svayamsevak Sangh (RSS).

[AU271040] [Question] Following Mrs Gandhi's death the situation of the governing party has not changed, but the person of the prime minister has changed. Has the CPI modified anything in its position in this situation?

[Answer] As the danger of an increase of imperialist influence in India grew as a result of the events, we could not ignore them, either. We took part at the meeting between the new prime minister and the opposition leaders and even took several initiatives in an effort to make Rajiv Gandhi's situation easier. We offered our cooperation in repairing the damage caused by the disturbances, in strengthening the unity of the people, although there continue to be differences of opinion between us. That is why our strategy is unchanged. Under the new circumstances, considering first of all the expected internal movement and reorganization of the Congress, we are even more determined in our struggle to make sure that the reactionary forces cannot attain greater influence, either in the governing party or to its right. Our final goal is obviously to have the leftwing, democratic forces assume power. To achieve this, however--and this is pointed out in our election manifesto--the conditions on an all-Indian level have not yet ripened. There are such possibilities in only a few states at most.

[Question] Our next question is also connected with the abovementioned group of problems: With what concepts and tactics is the CPI preparing for the upcoming elections?

[Answer] We determined our party's tactics and tasks at our Central Committee session held from 10 to 13 October, and the principles adopted there are still in force. Our most important goal is for our party and other leftwing groups to increase their number of seats in parliament and, so strengthened, to be able to exercise greater influence on shaping the Indian situation.

To achieve this goal it is absolutely necessary that the two communist parties, the CPI and the CPI-M, and other smaller leftwing parties further strengthen and cooperate.

[Question] Comrade Rao, you have mentioned several parties of the Indian leftwing. Please, tell our readers why there is division and the possibilities of the current and future cooperation.

[Answer] The division of the Indian communist forces are caused by the division that took place in the international communist movement in the sixties. Some of our party then sided with the Chinese and thus two communist parties came into being in India. The second party, the so-called Marxist Communist Party--the CPI-M--later split again, the organization bearing the mark "Marxist-Leninist" left it, an organization that gathers together smaller and bigger groups. Serious forces, however, are represented first of all by the CPI and the CPI-M. After 2 decades of historical experience, the "Marxists" are seeing many things differently now than at that time. They have changed their international policy, they no longer claim that "Moscow is the bastion of revisionism"--something that they gladly used to say--and on the contrary, they recognize the role played by the Soviet Union in the struggle against imperialism, in supporting the developing countries, and so on. They also

abandoned the position in which they made the "two superpowers" equally responsible for the world's problems, and clearly pillory the U.S. foreign policy. They have condemned China's military actions against Vietnam and the fact that Beijing continues to support the Pol Pot faction concerning Kampuchea. And finally, they treated with understanding the military role taken by the Soviet Union in Afghanistan. Knowing all this, it is obviously clear that, concerning foreign policy, we have wide cooperation with the CPI(M). Although we often have the same or a similar position in approaching domestic problems, too, for the time being, differences in views still make possible only parallel work and struggle. We cooperate in the same way with the other two leftwing parties, the Forward Bloc and the Revolutionary Socialist Party, to achieve the common goals and to strengthen the unity of the Indian left by coming even closer together.

CSO: 4600/1216

IRAN

JOINT STAFF CHIEF EVALUATES ARMY SITUATION, FUTURE PLANS

Tehran KEYHAN in Persian 16 Dec 84 p 2

[Text] Colonel Esma'il Sohrabi, Chief of the Joint Staff of the Army of the Islamic Republic of Iran, who was recently appointed to this position by the Imam of the nation and commander-in-chief of the armed forces, gave an interview to KEYHAN. In this interview he discussed the current situation at the fronts, the new plan for the army, the reconstruction of equipment and weaponry, and the provision of facilities and housing for soldiers.

The text of KEYHAN's interview with Colonel Esma'il Sohrabi follows below.

In his conversation with KEYHAN's correspondent, the Chief of the Joint Staff of the Islamic republic discussed the manner of coordinating the three forces in the Ministry of Defense. He said:

The support needs of the armed forces of the Islamic Republic of Iran are first studied and assessed by forces themselves. If necessary, the concerned forces bring about the necessary coordination to obtain information desired from the Ministry of Defense, and the result is sent to the Joint Staff. This staff, which is charged with organizing, training, equipping, and positioning the ground, air, and naval forces, after complete and comprehensive studies are completed and coordination is brought about between other pertinent sources, sends the needs of the force or forces to the Ministry of Defense, one of whose responsibilities is to support the army in the preparation and procurement of materials and equipment, especially major items, so that the necessary steps may be taken to procure needed items in accordance with existing procedures.

Concerning the current status of forces at the fronts, he said: The strategy of the army of the Islamic Republic of Iran in the beginning of the war was

- a - To stop enemy attacks in the most forward positions possible;
- b - Training and self-development in the course of the war, and guiding local and limited attacks in order to weaken enemy forces;
- j - Expanding resistance operations in order to drive out the aggressor.

He added:

Through the grace of God and the blessings of the leadership of the Imam of the Nation, and with the help of our country's entire Muslim nation, the army of the Islamic Republic of Iran, the brave revolutionary guards, the mobilization, the combative police and gendarmerie units, the zealous tribes, and all the people's forces succeeded in less than a month from the beginning of the war in stopping the enemy's comprehensive attack on all fronts and establishing a firm defense all along the fronts.

The Muslim combative people of Iran rushed from every direction to aid the combative forces at the fronts of Truth. The barracks and units of the mobilization filled with youths eager to be sent to the fronts. Local resistance, broadly or narrowly based, began in order to weaken the enemy, and finally with the victorious Operation Mimak (10/19/59 [9 Jan 1981]), with the stunning maneuver to break the siege of Abadan, the driving of enemy forces from the East side of the Karun River and the destruction of their equipment, the bitter taste of defeat was forced upon Saddam's people. Resistance operations then gradually began, with the arrival in the field of the great forces of the Muslim nation of Iran and the heroic children of Islam, so that in Operation Tariq al-Qods and the battles of Fath al-Mobin and Bayt al-Moqaddas, the army, the revolutionary guard, and other combative forces displayed their bravery and courage for all to see in guiding the struggle in the eternal epics of the war between Islam and infidelity. Then in a series of splendid operations they defeated the enemy decisively and drove him out of Iran.

These operations included Operations Matla' al-Fajr, Ramazan, Moharram, the initial Operation Val-Fajr, Val-Fajrs 1, 2, 3, 4, 5, and 6, Operation Moslem ibn 'Aqil, Special Operation Kheybar, and finally the Mimak area operation.

The Chief of the Joint Staff of the Army of the Islamic Republic of Iran then added:

At the present time the armed forces of the Islamic Republic of Iran and the people's forces at the ready at the Fronts of Truth are at their peak of combat capability and morale. They are prepared, whenever the time is right, on the order of commander-in-chief Imam Khomeyni, to tear up the scroll of life for Saddam and the Ba'th Party of Iraq and rid the area of their contamination. He added:

It must be made clear that the army of the Islamic Republic of Iran has no designs on Iraqi territory; it wants to free the oppressed Iraqi nation from the yoke of criminal Saddam and the international superpowers in order that it may form the government it wants, in order to teach a lesson to all aggressors and world-devourers from East and West.

The Army's New Plan

In another portion of his interview with KEYHAN, Colonel Sohrabi discussed the army's new design. He said:

With regard to the army's new plan, it must first be said that at the beginning of the triumph of the Islamic revolution in Bahman of 1357 [21 Jan - 19 Feb 1978] a general order was issued to organize the Army of the Islamic Republic of Iran, and from the beginning of the year 1358 [21 March 1979] numerous seminars were held under this staff's supervision in order to implement the order. Studies were also made, but due to the onset of the imposed war, and the fact that at that time the constitution had not yet been enacted, the work of the group studying this matter temporarily stopped in the month of Mehr of the same year [23 Sep - 22 Oct 1979]. After the constitution was enacted in Bahman of 1358 [21 Jan - 19 Feb 1980], however, another group composed of military personnel began working on implementing Article 144 of the constitution,

which establishes the principle that the Army of the Islamic Republic of Iran must be an Islamic army, and that worthy people must be accepted for service in it who are dedicated believers in the goals of the Islamic revolution. The results of the work done to reorganize the army were presented to the Majlis Defense Commission in the month of Khordad of 1360 [22 May - 21 June 1981]. Subsequently, on the orders of the great leader of the revolution and the founder of the Islamic Republic of Iran, a committee called the Army Planning Committee was formed of knowledgeable and skilled individuals in Khordad of the same year [22 June - 21 May 1981]. After about 13 months of study and research, in the month of Tir in the following year [22 June - 22 July 1982] a compendium entitled "The New Plan for the Army" was compiled and sent to the Joint Staff for comments. This staff exchanged views with the Majlis Defense Commission until Bahman of 1361 [21 Jan - 19 Feb 1983]; after analyzing the matter and exchanging views, in the month of Khordad of the following year [sic; 22 May - 21 June 1983] a new plan called "The Lawful Plan for Reforming the Laws of the Army of the Islamic Republic of Iran" was prepared and placed before the Joint Staff for comments in the month of Mordad of the same year [23 July - 22 August 1983]. Subsequently the Joint Staff [SMAJI] called upon the branches of the armed forces to express their views in light of the plan's content and what is pertinent in it to each force. At the same time the sections of the plan were studied every day for around three months in the presence of concerned personnel and officials on the staff council of the Joint Staff and the Joint Staff chief at that time. The results of the study were intermittently sent to the Majlis Defense Commission. Subsequently, at the invitation of the Majlis Defense Commission, the Joint Staff chief of that time attended a number of meetings of the Majlis Defense Commission. Finally, in light of the views and studies made by the Joint Staff, a new plan was prepared and sent to the Joint Staff in Khordad of 1363 [22 May - 21 June 1984]. After the necessary steps were taken and comments made, in Mordad of the current year [23 July - 22 August 1984], it was sent to the Ministry of Defense, which in turn submitted it to the Majlis. I have now been invited by the Majlis to attend meetings for its final study.

With regard to the basic changes which have been made in the general regulations of the army, he said that the changes in army laws and personnel regulations that came with the triumph of the Islamic revolution, and the necessity for fundamental changes in army procedures, regulations, and organizations were considered by the Joint Staff. For example, it prepared a plan in 158 articles for reforming the army recruiting law, which was used in preparing the plan mentioned previously for reforming the laws of the army. On the basis of immediate needs, some needed laws have been proposed separately, some of which have been enacted, and others of which are in the process of being enacted. Among those which have already been enacted, the guidelines for rank and insignia, leaves, internal services, bases, military police, and the disciplinary code may be mentioned.

With regard to the reconstruction of army equipment, Colonel Sohrabi, Chief of the Joint Staff, said:

Unlike the Zionist army of Iraq, which is currently supported by world imperialism with modern weaponry and equipment, the Army of the Islamic Republic of Iran, in line with guidance from the commander-in-chief of the armed forces not to accept dominance and to abandon dependence, and by carrying out comprehensive plans for innovations on its weaponry, aircraft, and ships, is making use of the innovations of the technical brothers in the army in order to improve existing equipment. These innovations are made with very little expense and without dependence, and the rebuilt implements and equipment are very effective against the modern implements and equipment of the Ba'th army of Iraq. As an illustration, I must tell the noble nation of Iran that at the beginning of the war, following guidance from His Holiness Ayatollah al-'Ozma Montazeri with regard to the matter of self-sufficiency, and through the persistent efforts of President

Khamene'i, a great quantity of implements and equipment such as aircraft, helicopters, various types of artillery, weapons, and anti-aircraft rockets in need of basic repairs and reconstruction were rebuilt by the technician brothers of the army, who truly made a supreme effort, and put to use at the fronts in the war against the aggressor enemy.

With regard to parts and maintenance, we have been able to increase the official life expectancy of machinery up to twice that accepted by manufacturing companies. At the present time, in addition to the procuring the needs of units, the weapons factories are providing them with more weapons and ammunition than they need. It is necessary to note here that following the use of chemical weapons by the aggressor enemy against the powerful and dear combatants of Islam, many of whom were martyred, an inhumane act in violation of every international law, now protective devices such as special clothing, ampules, and masks for prevention and treatment have been procured and provided to all the units of Islam's combatants in the country. At the same time, if the despicable enemy should be so foolish as to use them again, he may be assured that this time we will not sit in silence.

The Chief of the Joint Staff was asked by KEYHAN: What plans have been made for procuring housing and facilities for army personnel. He said: Since the prerequisite for a healthy body is a healthy mind, the Joint Staff of the Army of the Islamic Republic of Iran, while raising the combative capability of the forces and procuring their war needs, has taken the appropriate steps all along to maintain and increase army morale as the revolution has progressed; the procurement of appropriate facilities and combative capability have always been of concern to this staff.

He added: The following steps have been taken to provide facilities by the brave personnel of the Army of the Islamic Republic of Iran:

a - Participation of a representative of the Joint Staff of the Army of the Islamic Republic of Iran on the Housing Procurement Council along with other organizations of the Islamic revolution in order to better provide for personnel without housing.

b - Preparation of guidelines for a firm savings loan and the method of its payment to personnel of the Joint Staff of the Army of the Islamic Republic of Iran. The personnel under discussion are now utilizing the benefits of the above loan.

p - Steps to increase credit on loans against salaries; personnel are now making use of this benefit.

t - Authorization for personnel to retake the university admission tests while on active duty.

In conclusion, Colonel Sohrabi discussed the aims of the Joint Staff. He said:

Efforts are being made to follow the guidance and obey the command of the commander-in-chief to implement Article 144 of the Constitution (The Army of the Islamic Republic of Iran must be an Islamic Army, which is an orthodox, people's army, and it must accept worthy persons for service who are believers in the goals of the Islamic revolution and dedicated to achieving them) in order that it may be a powerful arm in the service of the goals of the revolution and the regime of the Islamic Republic of Iran.

OIL REVENUES, PRODUCTION, ALLOCATIONS TO WAR EFFORTS DISCUSSED

Military Expenditures To Get Priority

Beirut AN-NAHAR ARAB REPORT & MEMO in English No 31, 10 Dec 84 p 10

[Text]

Iran plans to spend more than one third of its new \$42.05bn budget to meet the direct and indirect costs of the war with Iraq, according to the official Iranian News Agency (IRNA). The direct allocation to the war effort totals \$4.35bn, but other war-related costs such as pensions to war victims and refugees added a further \$8.45bn. Various other related costs brought the total to over \$14bn. The budget, presented to parliament last week by the prime minister, Hussein Musavi, will cover the new Iranian Year 1364, which runs from March 21, 1985 to March 20, 1986. Mr Musavi said that the structure of the economy was "extremely dependent on and vulnerable to" the oil market because the bulk of government revenue comes from Iran's oil exports.

Average daily exports of oil in the past several years have ranged from 200,000 barrels to three million barrels and this fluctuation has directly affected the economy. The prime minister said that the country was prepared to withstand a drop to as low as 20,000 b/d, adding that it was essential to discontinue "reliance on oil, as a strategic necessity." Mr Musavi hopes that government revenue will increasingly come from taxes on private business, in spite of the "negative spirit in the well-off and rich sectors of society for paying taxes."

"There is no reason why the government should provide for all its expenses from oil income, which belongs to future generations," he said.

Meanwhile, the Iranian oil minister, Mohammad Gharazi, has reaffirmed Iran's commitment to play a leading role in stabilising oil prices and maintaining Opec unity. Mr Gharazi expects the Opec decision, to cut production by 1.5mn b/d, to strengthen the international oil market and stabilise prices. He also announced that the country's seventh refinery will go on stream within four or five years. The 250,000 b/d refinery is being built at Arak.

Step-up of Offshore Oil

Beirut AN-NAHAR ARAB REPORT & MEMO in English No 31, 10 Dec 84 pp 10, 11

[Text]

Iran is to increase its production of offshore oil by starting drilling at the Nosrat oilfield, which is owned jointly with Dubai, an official of Continental Shelf Oil Company said last week. Mr Mohammed Aqaie, the company's managing director, said offshore production currently totals 280,000 b/d, most of which (185,000 b/d) comes from the Lavan region. This area includes the Salman field, which is worked by seven linked platforms and is co-owned with Abu Dhabi. Some 75,000 b/d are produced from the Fruzen field, which is jointly owned by Saudi Arabia.

Mr Aqaie said that the necessary drilling platforms had been installed in Nosrat in September and that commercial drilling would start about the middle of 1986. He also claimed that a new drilling unit, which he described as "non-American made", would be used soon in Gulf offshore operations.

Production from Iran's Gulf fields was 5.6 per cent higher last year than in 1982/83.

Iran also shares the Hengam field with Oman, but neither country is currently working in the oilfield, Mr Aqaie said.

Cooperation Likely With British Petroleum

Beirut AN-NAHAR ARAB REPORT & MEMO in English No 31, 10 Dec 84 p 9

[Text]

Iran may take a half share in developing a North Sea oilfield in cooperation with British Petroleum. BP and the National Iranian Oil Company are considering developing an oil find in block 15/13, one of two concessions which the companies share on a 50:50 basis. Concessions for both fields were awarded in the 1972 licensing round.

The two companies, who have other shared interests, including the Iranian-British Steamship Company, are reported to be considering using the new single oilwell production system (Swops), based on an oil-production ship purpose-built for drilling in small fields.

CSO: 4600/186

MESHKINI ADVISES DECISIVENESS, UNITY

Tehran KEYHAN in Persian 9 Dec 84 p 22

[Excerpt] Before the sermons, Hojjat ol-Eslam Faker, supervisor of publications for the Teachers' Society of the Qom Seminary, said: The world of existence revolves around one axis, and that substance is still divine; everything revolves around this axis. Our Islamic revolution is a divine revolution, and it revolves around God and the belief in his unity. The revolution has persisted until now for this reason, that everything in this system revolves around this axis. The people and the officials work for God. Therefore, our political, social, and economic reforms must revolve around this same point. If our economic movement provides the best benefits, but causes a decline in belief, it is poisonous.

Ayatollah Meshkini, Friday Imam of Qom, then began giving sermons. In his first sermon, he called upon the people to be pious and abstain from sin, and then referred to the joyous birthday of the savior of humanity Mohammad (Peace Be Upon Him) and the beginning of Unity Week. He said: I praise the the valuable innovations of the great theologian Ayatollah al-'Ozma Montazeri, who proposed a that a week be named Unity Week. It is thus worthy that we observe this week as elaborately as possible: how good it would be for all Muslims to be alert and standing in a single rank under the banner of the Koran. I congratulate all Muslims, oppressed people, and aware humanity on the occasion of the birthday of this great man. He was born in a state of purity, and taught the lessons of chastity and modesty to humanity. He taught our sisters that humanity, perfection, greatness, merit, and esteem between God and humanity and happiness and comfort in the hereafter for a woman depends on modesty and the veil, and it is in the interest of the ladies not to subject themselves to sensuality. It is a bad day for a nation when its women lose their modesty. He added: If a nation abandons the habit of wearing the veil, that nation will fall and its youth will be lost. The absence of the veil is the sign of collapse for a nation. Our great prophet taught us modesty and chastity from his childhood. Ayatollah Meshkini then listed decisiveness in decision making as one of the outstanding characteristics of the most respected Prophet (Peace Be Upon Him), and addressed the Majlis deputies and the judicial and executive powers. He said: Oh respected Majlis deputies, when you decide on something, act decisively. Saying one thing today and another tomorrow will paralyze the nation. You are the representatives of 40 million people. The nation sent you to the Majlis as its representatives. You must view these 40 million people properly; if you do not fulfill your responsibilities, you have betrayed these 40 million people who have elected you. I also call upon the ministers to perform their duties decisively and well. This nation also expects the judicial powers to be decisive; the Prophet of Islam (Peace Be Upon Him) teaches the lesson of decisiveness to the world. The Friday Imam of Qom then referred to the matter of unity and added: Inasmuch as the Sunni clergy are aware of the importance of unity of speech and have the spirit of unity, I congratulate them and I

hope all the clergy of Islam will awaken. I am certain that if the clergy do this, the nations will also rise up; Muslim unity is death to infidels, and God willing this unity will lead to unity in other matters.

Ayatollah Meshkini devoted the second sermon to a discussion of issues of the day, and, referring to the need for clergy at the fronts, he said: My message to the clergy throughout the country and the seminaries and seminary students is that our country's western and southern fronts are in need of missionaries. When there are sometimes 100 to 200 people praying in one place and in need of a clergyman to teach them Islamic matters, I consider it an injustice on the conscience of the clergy if such places remain unattended. Where are you? Wasn't there a time when the evil Pahlavi closed the seminary doors and we wished for the day when we would be able to teach Islamic precepts on the military bases? In the name of God, now this army and revolutionary guard which loves Hoseyn (Peace Be Upon Him) has been turned over to you.

The Friday Imam of Qom called upon the Friday imams throughout the country, religious scholars, and the respected seminary students to take turns going to the fronts and teaching those people who are inspired with sacred love, and to also learn themselves from those 19-year-olds whose prayers became stronger when they came to the fronts, a lesson no university can teach. Why don't you go? One clergyman in Abadan, may God protect him, stood fast and the combatants stood also. Our fronts are a mosque, and the place of those inspired with sacred love; the bread of sacrifice of the martyrs of Islam is on the road of Truth. There is 'Arafat, wisdom, bread, and the killing ground. Go and know them better. I warn you that if this revolution fails, there will be no more seminaries.

Ayatollah Meshkini said: Clergymen throughout the country must not think that if they were not with the revolution and if they were sitting at home, when another regime comes it will give them a position. You are mistaken to believe this; I swear to God that if they destroy the revolutionaries, they will destroy you too. He added: I have a proposal, and if it is acted upon, the fronts will always be full. Oh seminary students and combative clergy of Tehran and the rest of the country, set aside 20 days of your precious time per year and go where that combatant has been for four years. Go and guide them, for there is the place of guidance.

The Friday Imam of Qom then referred to the leakage of poisonous gas from a chemical factory in India. He said: I express my condolences for this great tragedy to the Muslims and oppressed people of India, a tragedy in which more than 2,000 people have been killed so far, with thousands of persons maimed and injured from a nation of oppressed people, with young people and children left alone. What is the reason for all this killing? A company that did not want to endanger the people of its country and built these factories in a poor country, thus endangering deprived people.

9310

CSO: 4640/187

REASONS FOR REDUCTION IN POST-REVOLUTION INVESTMENTS EXAMINED

Tehran KEYHAN in Persian 13 Dec 84 p 21

[Text] Economic Service—The eighth session of the study seminar on economic issues was held this week on Monday afternoon at the Martyr Beheshti University College of Economics, featuring a speech by Engineer Khamushi, chief of the Iran Chamber of Commerce, Mines, and Industry.

During the seminar, Engineer Khamushi discussed inflation and its effects on investment and the income and cost of production in Iran; he discussed and studied in detail matters related to the causes of the reduction in general, governmental, and private investments, the reduction in supply and demand, and the way inflation arises.

He offered greetings on the happy occasion of His Holiness the Prophet's (Peace be Upon Him) birthday and the birthday of His Holiness Imam Ja'far Sadeq (Peace be Upon Him), and discussed the role and responsibility of students with regard to the issues of their society. He said: One of our greatest difficulties since the revolution is that some officials do not recognize the problem; it is therefore difficult for them to produce a solution.

I would like to thank the officials involved for organizing this type of seminar, and begin discussing today's subject—the income and cost of production, and investment and its relationship to inflation in Iran. Since a discussion of this subject requires a lot of time, I will discuss and explain each of these matters in a compressed and abbreviated fashion.

Engineer Khamushi then described the two aspects of inflation. He said: In some cases economists have called inflation an increase in the amount of money in circulation, which results in an increase in prices, and in some cases they have called it a condition where demand exceeds the supply of goods and services. The basic and important point, however, is that inflation is the simultaneous increase in price of practically all goods and services, rather than an increase in some prices while others remain constant or decrease. Therefore, if there is a given supply of a good or service, an increase in demand for this good or service will initially result in an increase in its price, and, according to the same law, a decrease in the supply of a good or service, assuming that other factors such as demand remain constant, will also result in an increase in the price of that good or service.

From the foregoing we may conclude that a general price increase, or inflation, occurs when the demand for all goods and services exceeds the ability of a society's economy to supply them.

We will now consider the changes in supply in recent years, as well as the most important reasons for these changes. Iran's national production figures are published in very general form by the Central Bank of Iran, and in assessing the general changes of supply in Iran's economy we will use these figures. The period we will examine for changes ends in the year 1361 [21 March 1982 - 20 March 1983], for which the Central Bank has published figures on the gross national product.

At current prices the gross national product has shown an annual average increase of 14.4 percent from 1356 to 1361 [21 March 1977 - 20 March 1983], and has grown from 5,483 billion rials to 10,757 billion rials, but in reality, at 1353 [21 March 1974 - 20 March 1975] prices, the gross national product has decreased from 3,702 billion rials in 1356 [21 March 1977 - 20 March 1978] to 3,115 billion rials in 1361 [21 March 1982 - 20 March 1983]. In other words, in eight years it has actually decreased an average of 3.4 percent annually.

The primary reason for the decline in gross national product, or in other words the reason for the decrease in supply, is the decline in investments in both the public and private sectors.

The reasons for these investment reductions are

- 1 - Loss of confidence in the private sector in long term investments for various reasons, including inflation.
- 2 - The expansion of the service sector of the economy and the tendency for investments to move to activities with a rapid, short-term return.
- 3 - Changes in the makeup of the country's imports, with reductions in the share of investment goods.
- 4 - Reductions in exports and the country's petroleum income, and shortages of currency in some years.
- 5 - Strikes and work slowdowns, especially in 1358 [21 March 1979 - 20 March 1980] and the atmosphere resulting from the reorganization of government institutions and organizations in the years following the revolution, both of which resulted in a reduction by half of the total level of real government investments.
- 6 - The relative weakening of the status of skilled labor, especially at the high level of university studies, which have played a basic role in turning the wheels of the economy.
- 7 - The economic embargo and disruptions by some industrial countries, such as delayed fulfillment of contracts, refusal to send spare parts, materials, and goods needed in the economic sectors, and so forth.
- 8 - Menacing propaganda pertaining to production units in the country, resulting in a lack of interest in investing on the part of investors and holders of savings.
- 9 - Lack of clarity concerning limits and restrictions on activities, lack of definition concerning the spheres of activity and regulations on governmental and private sector investments, the lack of a comprehensive national plan, and sometimes instability in announced economic policies.

Reasons for the Reduced Supply of Products

He then discussed the reasons for the reduced supply of products. He said:

Total gross investments at adjusted prices from 1356 to 1361 [21 March 1977 – 20 March 1983] decreased an average of 10.6 percent annually. The average annual decrease in government investments was slightly lower at 9.1 percent, and the annual average decrease in private sector investments was slightly higher at 12.6 percent, while overall during these years the decrease in government investments had a greater effect in absolute terms than did the decrease in private sector investments.

The total decrease in investments in the years 1357 [21 March 1978 – 20 March 1979] and 1358 [21 March 1979 – 20 March 1980] was very large at 20.8 and 27.49 percent respectively. It leveled off somewhat in 1359 [21 March 1980 – 20 March 1981] at 11.1 percent, and in the years 1360 [21 March 1981 – 20 March 1982] and 1361 [21 March 1982 – 20 March 1983] there was a slight improvement with 1.6 and 9.9 percent increases in investment over previous years.

The largest decrease in gross government investments occurred in 1358 [21 March 1979 – 20 March 1980], when it was 44.3 percent; this continued in 1359 [21 March 1980 – 20 March 1981] with a 1.7 percent additional decrease. This process was reversed in the years 1360 [21 March 1981 – 20 March 1982] and 1361 [21 March 1982 – 20 March 1983], when there were increases of 6.5 and 22.6 percent respectively.

With regard to private sector investment, the most severe reduction was in the year 1357 [21 March 1978 – 20 March 1979], at 30.4 percent. After remaining relatively stable in 1358 [21 March 1979 – 20 March 1980], private investments declined steadily after 1359 [21 March 1980 – 20 March 1981], decreasing 19.5, 4.2, and 5.1 percent in the years 1359 [21 March 1980 – 20 March 1981] to 1361 [21 March 1982 – 20 March 1983].

In studying the official figures, the warning sign that appears to emerge from the point of view of the country's production capability (supply) in the years considered, and especially for future years, is the steady reduction in total gross investments relative to the gross national product. Among all other reasons, the inflationary conditions reigning over the economy and the abstention of investors from long-term investments may be singled out without hesitation.

The percentage of the gross national product invested, which in 1356 [21 March 1977 – 20 March 1978] was 28.3 percent, has hovered near 20 percent over the last four years as its absolute power also declined.

These observations are unwelcome indications of the fact that in addition to decreases in the gross national product, or decreases in supplies in the years 1359 [21 March 1980 – 20 March 1981] to 1361 [21 March 1982 – 20 March 1983], there have also been decreases in the percentage of the gross national product invested, which is to say that the desire to invest has also decreased, which in the short term and the long term has itself become a lever lowering the country's production capability and power. Along with a reduction in the absolute value of the country's products, it has rapidly played an effective role in lowering supply, and will continue to do so.

Report to be continued in a future issue.

MAJLIS APPROVES RESEARCH FOR SELF-SUFFICIENCY IN PRODUCTION

Tehran KEYHAN in Persian 10 Dec 84 p 21

[Text] In the study of the causes for the lack of growth in industry and its dependence on foreigners, the most important factor identified was the lack of industrial research in society in general, and specifically in the factories and production units.

All production units must allocate .2 percent of their sales for industrial research, national technological growth, and training.

In order to preserve and maintain the country's industry, and to keep it in step with other industries in the world, a plan to create self-sufficiency and research cells has been implemented after enactment by the Majlis.

Dr 'Ali Asghar Towfiq, chief consultant on engineering affairs and inventions in the Ministry of Industry, discussed the plan for self-sufficiency and research cells in production units with KEYHAN's economic correspondent. He said: In the study of the causes for the lack of growth in industry and its dependence on foreigners, the most important factor identified was the lack of industrial research in society in general, and specifically in the factories and production units. Actually, every industry, in order to preserve and perpetuate itself in the world, must have industrial research and innovations; otherwise, rapid technological changes will lead to the introduction of new products with greater efficiency and lower overall cost. An industry that cannot grow and expand with the other industries will obviously drop out of the competition. He noted: Studies have been made in order to create conditions for industrial research in production units and the best method for creating self-sufficiency and research cells in the production units has been determined.

Research in Industry

Continuing his remarks, the chief consultant to the Minister of Industry added: We believe that industrial research can grow and take its place in society when our production units, which are the consumers of the results of this research, are somehow involved themselves and have a sense of participation. Otherwise, if various kinds of research take place in the factories and the production units are unaware of its quantity and quality, it will be very difficult to apply the research in industry. Concerning the formation of self-sufficiency and research cells, he said: The plan to create self-sufficiency and research cells is now being implemented with the formation of 53 self-sufficiency and research cells after the pattern of one of the Ministry of Industry's successful plans. The stages of its implementation are discussed below.

All production units will work on this in an organized way. For example, all detergent-producing units will assemble and select a board of directors from among themselves, and choose a production unit from this field with the greatest academic and research capability to be the center for the self-sufficiency cell. The primary responsibilities of this cell will include the identification of technical problems and production bottlenecks. Since all production units in this field will cooperate in managing this self-sufficiency cell, the issues discussed and the solutions presented will be beneficial to all the factories in this field.

Necessity for Creating Self-Sufficiency and Research Cells In the Production Units

Dr Towfiq then referred to the characteristics of the self-sufficiency cells. He said: First, all production units in industries will cooperate closely with one another and become familiar with one another's technical problems and difficulties. Second, instead of the financial, human, and research resources of these units being used in piecemeal and scattered fashion in various units to solve similar problems, they will be employed collectively, and all of these personnel and resources will be centralized in that industry's self-sufficiency cell. Third, these self-sufficiency cells will become strong centers for research in their areas of work with the passage of time. God willing, they will collect the latest developments in technology and research in the world and this dispersion of effort will disappear. Fourth, government and university research centers will become familiar with the problems in production units and the manner of confronting them. Every university or professor, depending on the field and his type of activity, will easily be able to contact the self-sufficiency and research cell in the relevant industry and cooperate with the production unit. In this regard, significant contracts have been signed.

The chief engineering consultant to the Minister of Industry discussed the procurement of credit for the self-sufficiency cells. He said: Large industrial countries usually spend large amounts of their income on industrial research.

In Iran, no such special budget has been set aside for industrial research, and we have always had to get budgets for research enacted by the Majlis. He noted: Fortunately, with the development of the plan for forming self-sufficiency and research cells in the production units and the announcement that such units are prepared to procure research expenses in the event of Majlis action, the Ministry of Industry placed Item 64 on the 1363 [21 March 1984 - 20 March 1985] budget before the Majlis, and it was approved and passed into law.

Dr Towfiq added: The executive guidelines for this law have now been approved by the Council of Ministers of the Islamic Republic of Iran, and a set of guidelines for their implementation has been published by the Ministry of Industry, a summary of which appears below:

In accordance with what is written in the guidelines mentioned above, all production units must allocate .2 percent of their sales for industrial research, national technological growth, and training; this money will be used for research and training projects to be planned in the self-sufficiency and research cells, and carried out either by the self-sufficiency cells themselves, or through contracts with government and university research centers or research centers in the private sector.

In conclusion, he added: We thus hope that industrial research, which is now in a smoothly organized form, will advance with greater speed, and, God willing, in the near future we will see these self-sufficiency and research cells bloom and become strong and fruitful trees.

EDITORIAL CLAIMS ISLAMIC UNITY ONLY TACTIC FOR MUSLIMS

Tehran KAYHAN INTERNATIONAL in English 15 Dec 84 p 2

[Text]

The current week was quite an eventful one and coinciding with Unity Week added to its importance.

Ayatollah Montazeri's initiative in instituting Unity Week will prove to be opportune for nurturing the unity of the one billion Muslims in the world. Islam has been recognized as the fastest growing revealed religion because of its great spiritual attraction. But there is a question to be raised here: can the immensity of the Muslim's numbers be decisive when a crack is being created in their ranks through discord? The answer is of course negative. Thus it is necessary that discord be annihilated.

The world of Islam is today infested with discord. The evident culprits of this disdainful situation are the reactionary Muslim governments who should be castigated. They have created a situation in which the Zionists speak most shamelessly of harmony with Egypt, Jordan and Iraq and feel that continuation of this harmony is beneficial to both the U.S. and Israel. Jacques Chirac, the Parisian mayor, known as a Zionist supporter, on a trip to occupied Palestine, explicitly said Iraq and Israel have a common front and that in the 50-month old war, Iran is on one side and Iraq with Israel, Egypt and Jordan, on the other.

The Iraqi Ba'athists and the Arab reactionaries instigated the 50-month-old war. This was and is treason by them against the world of Islam. The war has eroded the military capability of the Islamic world's forces. All in all, they have been responsible for the sworn foes of Islam delight at the existence of division in the world of Islam. Is it not painful for the Arabs to see Egypt, Iraq and Jordan alongside Israel

in a front against the Islamic Revolution of Iran? Is it not painful for the Muslims worldwide to know that the reactionary Arab governments have been responsible for this great disaster in the Muslim ranks and that tens of billion of dollars from the Islamic world be spent against the Islamic Revolution?

Egypt, now acting as an Israeli ally, has mobilized all facilities for the suppression of the Muslims roused by the unrest of the Al Azhar students. The position of the king of Jordan is no better than others.

Hussein reveals on the one side his inclination towards the Zionists and on the other pretends to have found a new formula for peace in the region. However, the real operators of this maneuver declare in Washington that King Hussein's plan does in no way contravene the Camp David pact, but is deemed an off-shoot of it.

The unfortunate point is that the experienced agents in this incident are trying to induce other elements to join the U.S.-Zionist front. Egypt's head, Mubarak has officially invited Iraqi and Israeli leaders to hold talks with each other.

Muslims are now faced with this situation. To become free from that they are forced to forge a plan based on Islamic unity. They should rest assured that Islamic unity is the only key to bring back the greatness of the Islamic world. All isms, materialist and deviatory ideologies and their followers, and movements based on Arab nationalism have not only reached a dead-end, but have been turned into pressure levers in the hands of the world oppressors to make the Muslim nations kneel down.

Islam is the only movement able to create rudimentary developments in the Muslim world. Indeed, what factor is responsible for the doughty resistance of the people of Lebanon against the Israeli war machine. Before this the Zionists never considered themselves as having a military rival. Now they express regret about their sojourn into Lebanon. Is there anything other than Islam that has placed the Zionists in Lebanon squarely in despair? Could anything other than the Islamic movement change

the balance of power in war-hit Lebanon in favor of the Lebanese — who were under a military offensive, from inside and outside, from the criminal band of Phalangists, Israeli military men and NATO armies?

Was there any other factor than Islamic unity that united the disparate forces of the Lebanese people? The Zionists have warned that if the talks in Naqoura do not have favorable results, they would take a unilateral decision. This is an indication of the Zionists debacle in southern Lebanon.

Islamic unity is more than a tactical idea, but rather a successful strategy that can shake the world oppressors. It has also proven that it can demonstrate such power in any corner of the world where the Muslims have sufficient resolve.

CSO: 4600/176

EXTRADITION OF TEN 'GUILTY FUGITIVES' ASKED FROM TURKEY

Tehran JOMHURI-YE ESLAMI in Persian 4 Dec 84 p 12

[Text] Tehran—ISLAMIC REPUBLIC NEWS AGENCY—The deputy minister for political affairs in our country's Foreign Ministry, in an interview yesterday with the ISLAMIC REPUBLIC NEWS AGENCY, discussed the results of his recent visit to Turkey and the Islamic Republic of Iran's relations with this country.

Sheykh ol-Eslam, deputy minister for political affairs in the Foreign Ministry, said that the purpose of his visit to Turkey was to deliver a message from Hojjat ol-Eslam va-al-Moslemin Khamene'i, President of our country, to Kenan Evren, President of the Republic of Turkey. He said: Good relations exist between Iran and Turkey; the expansion of relations needs continuous contacts, and my trip to Turkey was intended to serve this need.

He said: Some time ago the President of Turkey sent a message to Mr Khamene'i, and I was given the task of delivering the answer to this message to the President of Turkey.

This message dealt with relations between the two countries and the expansion of cooperation. He said: During this trip, there were also opportunities for me to talk with high Turkish officials. I had useful and profitable talks with the President of Turkey concerning relations between our countries. I also met with Turgut Ozal, Prime Minister of that country, who came to Iran during the month of Ordibehesht of the current year [21 April - 21 May 1984].

He has sought expanded relations between our countries both before becoming Prime Minister and during his tenure as Prime Minister. Sheykh ol-Eslam added: In his previous trip to Tehran, the Turkish Prime Minister invited Prime Minister Engineer Mir Hoseyn Musavi to visit Turkey, and during my visit discussions were held in preparation for that trip.

I had useful and constructive talks with Arjmand Vuzalp, Deputy Foreign Minister of Turkey, on his invitation.

Concerning the talks he held on this trip, he said: We discussed the imposed war, and the Islamic Republic of Iran's positions on this were explained. The point was made that Saddam is the main factor in the disturbances in the area, and that his removal is the only way to recover peace in the area. During these talks, Saddam's crimes in the Persian Gulf, his attacks on residential and non-military areas, and his use of chemical weapons were also discussed.

The deputy minister for foreign affairs in the Foreign Ministry also said: Each country assured the other that the security of its soil would not be threatened.

In our talks we affirmed that the border between the two countries is to remain firm, secure, and peaceful. They also assured us that they would not allow any activity against the Islamic Republic of Iran to issue from Turkish soil. During these talks, Turkish officials stressed that they had not entered Iraqi territory.

Hoseyn Sheykh ol-Eslam then discussed the extradition of criminals from the two countries. He said: The government of Turkey accepts the principle of extraditing criminals and traitors. The extradition of some Iranian criminals was requested from them, including an individual who was active in smuggling and forging passports in Iran. Turkey was asked to arrest this person and turn him over to Iran, and in view of the fact that he was arrested several days before I went to Turkey, his extradition was requested from Turkish officials. In conclusion, he said: Recently Turkey officially announced to us the arrest of nine Iranian counterrevolutionaries who were planning to bomb important centers, including the Voice of the Islamic Republic of Iran, and we also requested their extradition.

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CSO: 4640/196

REGISTRATION DEADLINE EXTENDED FOR DOCTORAL CANDIDATES

Tehran KEYHAN in Persian 10 Dec 84 p 22

[Text] The registration deadline for doctoral candidates at the Free Islamic University has been extended to 29 Azar [20 Dec 1984]. Applicants in municipalities may complete and submit application forms at this university's branches in the municipalities.

This was announced at a press conference by Dr 'Abdollah Jasebi, President of the Free Islamic University. In explaining this measure, he said: In practice we saw that a great many interested people, especially urban applicants, due to the distance and the difficulty of traveling, were unable to register in time. Accordingly, it was decided to extend the registration deadline to facilitate things. At the same time those for whom it is not easy to complete their research and theses may send a summary to the center, and if it passes they may then submit the entire thesis.

Concerning tuition collected from students, Dr Jasebi said: The Free Islamic University is trying to be independent and not to rely on a government budget. In order to achieve this we rely on the cooperation and assistance of the people. For example, this year the people gave eight million tomans in assistance to the university, and His Holiness the Imam gave ten million tomans in aid on two occasions from the blessed Imam's budget. The Foundation for the Oppressed also helped us by donating a building. Apart from these instances, we are dependent on the tuition of students to meet expenses. To help these dear ones, we even give scholarships to those who promise to work at the university, in order to secure a faculty for ourselves at the university in the future while helping these students. The students may also earn a salary by teaching in the earlier years. He added: In our contacts with government organizations and centers, we have made arrangements to accept research projects from them, and in return they are providing scholarships to students.

Concerning the goals of establishing the doctoral program, the President of the Free Islamic University said: This can be new hope for those who wish to continue studying but cannot go abroad for various reasons, and in establishing this program we can also conserve currency. Concerning the Free Islamic University's procedures and executive and educational mechanisms in the doctoral program, he said: We operate in the doctoral program with a guiding professor. We form regular classes for the students, but one professor regularly guides students in their research. The length of this research fluctuates between three and seven years, and students in this program agree to learn at least one foreign language for research in their field in order to be able to study books written in their area of research. At the same time they definitely must know the language associated with their field of study. For example, a person accepted in the field of

Islamic education must have command of the Arabic language. We have set aside a six-month trial period for ourselves during which we will remove a person accepted into the program if we see that he is not capable of further study.

In another portion of his talk, Dr Jasebi said: For us, credentials are secondary. Therefore, if a person lacks credentials but proves that he has the capability for further study, we will accept him. In the field of Islamic education, for example, we accept clergymen into the doctoral program who have gone beyond the superficial into depth studies. In conclusion he added: We give the directors in our units the discretion not to take tuition, or to take less than the normal amount, from someone without financial resources who has the capability for further study.

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CSO: 4640/191

COMMODITIES INDEX FOR 83-84 INDICATES 12.5 PERCENT INCREASE

Tehran KEYHAN in Persian 16 Dec 84 p 2

[Text] The Central Bank issued a report in which it announced: The wholesale price index in Iran increased 12.5 percent in the year 1362 [21 March 1983 - 20 March 1984] over the previous year.

The Central Bank of Iran issued a report in which it announced the wholesale price index in Iran. According to this report, using prices for the year 1353 [21 March 1974 - 20 March 1975] as a base, this price index went from 318.1 in 1361 [21 March 1972 - 20 March 1973] to 358 in 1362 [21 March 1973 - 20 March 1974], and increased 12.5 percent in this period. In the year reported (1362), despite the continuation of the imposed war for the fourth consecutive year and the effects of the economic embargo on all sectors of the economy, the increase in Iran's wholesale price index was drastically reduced. The annual rate of growth in the index, which was 13.7 in 1361 [21 March 1972 - 20 March 1973] fell to 12.5 percent in 1362 [21 March 1973 - 20 March 1974], which is its lowest level in the years since the Islamic revolution of Iran. The primary reason for the reduction in growth of this index in 1362 [21 March 1983 - 20 March 1984] was the government's income from the sale of petroleum at the relatively high level of the previous year, which was preserved this year, as well as the relative stability of economic and social conditions in the country. Domestic investment for obtaining raw materials and starting industries in the country increased significantly and consequently caused a slowdown in the index's rate of growth. Another factor which had a great influence on the reduction in growth of the wholesale price index for 1362 [21 March 1983 - 20 March 1984] was the government's greater concern for the just distribution of goods, especially at the wholesale level of the budget. In 1362 [21 March 1983 - 20 March 1984] all imports, whether private or government, were under government control, and the government made them available to buyers at fixed prices. As a result, the sales market for many goods at the wholesale level at free market prices, which was extensive in previous years even as late as 1361 [21 March 1982 - 20 March 1983] was stopped completely, and in many instances buyers preferred to wait in order to obtain their goods at government prices. The statistics published show that the seasonally adjusted wholesale price index in Iran during the year being reported showed an increase every month except the months of Mordad [23 July - 22 August], Shahrivar [23 August - 22 September], Mehr [23 September - 22 October], Dey [22 December - 20 January] and Bahman [21 January - 19 February], in which there were decreases. The greatest monthly increase in the index, at 2.5 percent, occurred in Farvardin [21 March - 20 April]. Among the main groups covered by the Iran wholesale price index, the price index for goods produced and consumed in Iran, which make up a noticeable portion (69.02 percent) of the component parts of the wholesale price index, with a 13.8 percent annual growth, was the most important factor in the growth of the wholesale price index, alone accounting for 10.5 percent of the 12.5 percent increase. The imported goods index, with its 8.5

percent increase, and the exported goods index with a 9.2 percent increase for the period, accounted for 1.7 and 0.3 percent respectively of the increase in the total price index. The statistics show that in 1362 [21 March 1983 - 20 March 1984], among the main groups covered by the wholesale price index, the index for the foodstuffs and livestock group, with an increase of 18.7 percent over the year 1361 [21 March 1982 - 20 March 1983], had the largest share in raising the overall index, so that this group made up around 70 percent of the increase in the wholesale price index. After this group, the price indexes for textiles and clothing prices, with an annual increase of 4.9 percent, for chemicals and petrochemicals at 11 percent, and for mining materials at 12.3 percent contributed to the increase in the general index. These three groups also caused 14 percent of the increase in the index. The remainder of the index's annual increase was accountable to industrial goods, metals, industrial raw materials, wood, machinery, transportation equipment, paper and cardboard, mined fuels and their by-products, beverages, smoking materials, and rubber respectively. The index for the hides and leather group and their by-products decreased slightly during this period, showing an average decrease of 4.7 percent.

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CSO: 4640/203

SEPTEMBER-OCTOBER PRICE INDEX ANNOUNCED

Tehran SOBH-E AZADEGAN in Persian 2 Dec 84 p 12

[Article: "Price Index for Sales of Goods in the Month of Mehr (23 Sep - 22 Oct 1984) Announced"]

[Text] The price wholesale price index in Iran in the month of Mehr 1363 [23 Sep - 22 Oct 1984] was announced at 370.7, showing a one percent increase over the previous month. This indicator has increased 9.1 percent over the same period last year. The seasonally adjusted price indicator is 1.1 percent higher than in Shahrivar of 1363 [23 Aug - 22 Sep 1984].

In the first seven months of the current year [21 March - 22 October 1984] the price index increased an average of 7.4 percent compared to the previous period last year.

The increase in the price index this month was mostly due to the increase in the price of cottonseed (due to the increase in its price from cotton vendors), synthetic cotton and dried fruits. At the same time the prices for dairy products, fish, shrimp, melons and fruits, tuberous vegetables, coffee and cocoa, foodstuffs, woven cloth and silk (especially white cambric), wire, sheet aluminum, metal spigots, kerosene stoves, machinery, and agricultural implements also went up. The prices of rice, grains, wheat flour, fruits with seeds and pits, leafy vegetables, and various types of transistors decreased, however, and to some extent compensated for the increases in price for the previous group.

General Index Groups

1 - Goods Produced and Consumed in the Country

This month, the index for goods produced and consumed within the country, at 412.5, increased 1.2 percent over the previous month.

The index for goods produced and consumed within the country was mainly due to the increase in the price of cottonseed (due to the increase in its price from cotton vendors), synthetic cotton and dried fruits. In this group the prices for dairy products, fish, shrimp, melons and fruits, tuberous and non-tuberous vegetables, woven cloth and silk (especially white cambric), wire, and kerosene stoves also increased, but the prices for rice, grains, wheat flour, fruits with seeds and pits, and leafy vegetables decreased. The seasonally adjusted index for this group increased 1.3 percent over the previous month. The index for goods produced and consumed within the country increased 9.9 percent over the same period last year.

2 - Imported Goods

The index for imported goods in the month of Mehr in the current year [23 Sep - 22 Oct 1984] increased 0.8 percent. The slight increase in the index for imported goods was due to price increases on foodstuffs, coffee, cocoa, sheet aluminum, metal spigots, machinery, and agricultural implements. There was a decrease in the price of transistors in this group.

The seasonally adjusted index for this group showed a 1.1 percent increase over the previous month.

The index for imported goods compared to the same month last year showed a 4.6 percent increase.

3 - Exported Goods

The index for exported goods increased 0.3 percent during this month, due to increases in the prices for shelled almonds, hides, and sheep and goat gut.

The seasonally adjusted index for this group decreased 0.1 percent compared to last month.

The index for exported goods showed a 21.4 percent increase over the same month last year.

The Main Index Groups

Foodstuffs and Livestock

The increase in prices of fruits and melons at 12.4 percent, dried fruits at 2.6 percent, along with a 1.0 percent increase in the price of dairy products and eggs, a 0.8 percent increase in the price of meat, chicken, fish, and fish products, a 5.7 percent increase in the price of tuberous vegetables, a 5.4 percent increase in the price of leafy vegetables, a 1.3 percent increase in the price of vegetable oils and animal fats, a 6.3 percent increase in the prices of spices, tea, coffee, and cocoa, a 1.7 percent increase in livestock prices, caused the price index for foodstuffs and livestock to go up 0.7 percent. In this group, there were decreases of 0.3 percent in the prices of seeds and seed products, 2.2 percent for grains, 0.4 percent for citrus fruits, 3.1 percent for fruits with seeds and pits, and 14 percent for leafy vegetables.

The seasonally adjusted index for this group showed a 1.3 percent increase over the previous month.

The price index for foodstuffs and livestock showed a 13.4 percent increase over the same period last year.

Textiles and Clothing

Price increases at 0.5 percent for wool and cotton (which were all due to the increase in the price of cotton), 0.2 percent for threads, woven cloth and silk 0.8 percent, carpets 0.4 percent, and 0.3 percent for clothing caused the price index for textiles and clothing to increase 0.5 percent. The seasonally adjusted price index for textiles and clothing increased 0.6 percent over last month. The index for this group increased 2.7 percent compared to the same period the previous year.

Special Groups

Agricultural and Animal Husbandry Products

The index for agricultural and animal husbandry products went up 2.1 percent during this month due to the 2.1 percent increase in the price index of the agriculture group and the 2.0 percent increase for the animal husbandry and fisheries index.

The seasonally adjusted index for this group increased 2.7 percent compared to last month. The index for agricultural and animal husbandry products increased 19.5 percent over the same period last year.

Construction Materials

In the month being reported, the index for construction materials increased 0.3 percent, all due to the 0.7 percent increase in the price of metal construction materials. The index for the price of non-metallic construction materials did not change.

The seasonally adjusted index for the prices of construction materials increased 0.5 percent over the previous month.

The index for this group increased 9.9 percent for this month compared to the same period last year.

9310

CSO: 4640/189

BRIEFS

JUDICIAL POLICE FOR PRISON AFFAIRS—Yazd—‘Abbas Hashemi, Deputy Prosecutor and supervisor of the Judicial Police of the Islamic Republic of Iran came to the Province of Yazd yesterday morning with executive and general aides for the purpose of visiting various units of the judicial police organization and to talk with the judicial officials of Yazd. The supervisor of the National Judicial Police Organization discussed the work and training methods of the Judicial Police. He said: The Judicial Police are an arm of the judicial power, and they communicate judicial papers as a preliminary step in carrying out religious legal decrees in order to expedite justice, and they will be placed in service eventually after receiving theoretical and practical training. He then said: The matter of prisons has also been assigned to the judicial police, and the Province of Yazd is one of five areas where judicial police units will be formed in five of its cities. He referred to the responsibility of judicial police agents. He said: Since they report in a religious court, they must be just to some degree, and efforts were made to choose the brothers of the judicial police mostly on the basis of this criterion, and various training in this regard has also been planned for them. [Text] [Tehran KEYHAN in Persian 9 Dec 84 p 22] 9310

CSO: 4640/187

SARAIKI STATE FRONT LEADER DISCUSSES MOVEMENT

Rawalpindi HURMAT in Urdu 23-29 Nov 84 pp 20,21

[Interview with Qari Nurul Haq Qureshi, convenor of Saraiki State Front, by Hafiz Mustafa Javed; date and place not specified]

[Excerpt] Qari Nurul Haq is a fiery speaker and is blessed with uncommon political savvy. He has held various offices in the defunct Jamiatul Ulema-e Islam (JUI) and established a name for service. He took part in almost every movement supporting democracy in Pakistan and was jailed several times. He was elected president of the Multan Bar Council several times. He always cooperated with groups supporting democracy in Pakistan. The JUI collapsed under internal strife after the death of Mufti Mahmood. Mr Qari had foreseen this strife and had resigned from JUI. Because of his various talents and qualities, he was elected convenor of Saraiki State Front. He is working very hard for it. This interview will help our readers understand the politics behind the JUI, the Saraiki State Front and the "Saraiki movement."

[Question] My first question to you is why do we need the Saraiki State Front? Can you tell us about the aims and benefits of this movement?

[Answer] The main purpose of the Saraiki State Front is to help solve regional problems and alleviate the sense of deprivation felt by people living in this region. There is no doubt that this area has been neglected for many years, even though it played an important defense role after the establishment of Pakistan. The military importance of Multan is known to all. The steel mill that was originally appropriated for Multan is located in Karachi. The location of a steel mill in Multan was important from a military point of view and would have helped establish an engineering university and other technical schools in Multan. People in this area have always been neglected socially, economically and culturally. However, this area excels from literary, cultural and civilization points of view. It has carried this tradition for centuries. No other region has played as important a part as we in the area of religion and literature. Among contemporary writers, no one can equal the greatness of Khwaja Ghulam Fareed. The exhilaration that his writings provide is unparalleled. Unluckily, Khawaja Ghulam Fareed was born in a region where the local populace has no political clout. Since no important person has paid tribute to him nationally, he is

being dubbed as a common Punjabi poet. This is an insult to the Saraiki people. Punjabi bureaucrats have a peculiar mentality; they consider themselves the rulers of all of Pakistan. The Saraiki people suffer more than people from other provinces. The provincial leadership of Punjab is very strong and has plenty of depth. In the Saraiki region, on the other hand, there is no leadership or anyone to speak for it. The few leaders we have are on the payroll of the Punjabi bureaucracy. Any hostile voice raised in our region is immediately suppressed by the Saraiki agents of the Punjabi bureaucracy. Against this background, we need an organization that can rebut the Punjabi industrialists, landlords and businessmen both in Punjab and in our region. This organization must lead the downtrodden Saraiki people to help them become proud citizens of Pakistan. Thus, all of the patriotic organizations of the country and responsible citizens of our region felt the need for this organization. I was elected its temporary leader and this was announced at a press conference on 2 March 1984 in Lahore. This organization, though only a few months old, is the largest organization in Multan, Bahawalpur and Dera Ghazi divisions. Our major hurdles are the restrictions imposed by the martial law and our limited resources. Our strength lies in popular support.

[Question] What impact will this organization have at national level? What are its benefits to the nation?

[Answer] I want to remind you that progress in any part of a nation always impacts the rest of the country. Regional poverty, underdevelopment and social backwardness also effect the country. We all will benefit with the development of industry, technology and transportation in this area. Factories will be established and unemployment will be eradicated. The land in the region will yield gold. We have a large supply of oil and other minerals in our land. Once tapped, these will prove a major source for our development. The whole country will benefit from our progress. A country's defense is stronger when its people are well off. Development of the Saraiki area will result in better life for all. Poverty will be eliminated from each village. It is believed that a new province based on the Saraiki area will be established.

[Question] Will you please comment on the fears that establishment of a Saraiki province will result in strife between Saraikis and non-Sarakis, Punjabis and non-Punjabis, violence in every place and danger to the country's security.

[Answer] Such fears are born out of ignorance or propaganda. Our country has been controlled by a group with vested interests. This group is composed of landlords, industrialists and Punjab's vicious bureaucracy. Whenever a group raises its voice against this ruling group, the later suppresses it by labeling them as enemies of the nation and Islam. The question arises: Why do people in our country not get equal justice? Why are some areas favored and others neglected? Why are Punjab's cities, such as Lahore, Gujranwala, Sialkot and Faizalabad, bright with lights and why are Dera Ghazi Khan, Bahawalpur, Multan, Mianwali and Bhakkar Jhand districts dark? In Tonsa, Vahva and Rajanpur, located in these districts,

there is not enough water for thirsty people. There is no industry, no factories, no paved roads and no modern technology available there. Do the people of these districts not have an equal right to live in Pakistan? We believe that formation of a Saraiki state in Punjab will solve these problems. This area will prosper, resulting in prosperity for the entire country. The grievances that smaller states have against Punjab will be reduced. Once this new province is created, people will gain confidence in their own districts, divisions and courts.

[Question] Can you explain how big the Saraiki State Front is now?

[Answer] No other political group in Pakistan can boast as many workers as the Saraiki State Front. We are active in a small area because we represent the interests of the people in this region. However, we are very interested in the welfare of people living in the remote corners of Baluchistan, poor farmers of Sind and the proud Pathans of Suba Sarhad [NWFP]. We are opposed to those who take advantage of naive people anywhere. We want each Pakistani to be fully ready to defend our country when the need arises.

7997

CSO: 4656/50

FOREIGN POLICY TOWARD NEIGHBORING COUNTRIES ASSESSED

Lahore NAWA-I-WAQT in Urdu 1 Dec 84 p 5

[Article by Afzal Iqbal: "Pakistan's Foreign Policy"]

[Text] How did our foreign policy fare this year? How and where was progress made? Obtaining a document from our Foreign Ministry is like taming a lion. They do not publish any white paper. There should be a way for the people and the government to share their views on a topic, a way to encourage open communication. In free countries where there are scores of disagreements on domestic affairs, almost all political parties agree on foreign policy. A foreign policy usually reflects the wishes of all factions of a government or people. Governments change, but the foreign policy remains the same. A country's interests do not change with the change of a government. All foreign policies are based on a country's continuing needs. Pakistan, however, is an exception to this rule. The government here is not controlled by the people, so they or their representatives have no role in deciding foreign or any other policy. Thus, our foreign policy is a mess. Knowledge of the foreign policy is sacred to the pundits locked in their offices in the Foreign Ministry. They make decisions by pushing papers. Whenever there is a crisis in any part of the world, those pundits in the Foreign Ministry suddenly become very active and write down whatever they wish. Then, the president and other leaders are left to defend it. There are secretaries and ministers, but there is no long-range plan on which we can depend for the next 10 or 15 years. They do not recognize popular opinion. It is important to educate and inform the public about the serious developments in foreign affairs. Radio and television never discuss this boring topic and the newspapers are barred from discussing it. There are no books or articles in journals that talk about foreign policy so that an independent scholar could learn more about it and comment on it without fear of persecution. Despite all this censorship, time marches on. Time changes and so do situations; we and the world have seen what has happened. Our geographical picture changed before our eyes. Our history is still being changed, and some of the events that we have witnessed we can recognize in books.

The main reason for a foreign policy is to maintain a country's independence. What would happen to foreign policy if a country were to lose its freedom? We have seen a large part of our country become separate from us. The time

demands that we defend what remains. We cannot defend it with guns and swords but with people and a strong will. If the people of a country are dissatisfied and are weak from disunity, then the slogans of honesty and common cause cannot defeat an enemy. Internal strife cannot lead to victory. Against this background at home, we would like to take a look at our neighbors, India, Afghanistan and Iran. If our relations with our neighbors are not friendly, our freedom is in danger. In this case, we cannot call our foreign policy successful.

Let us look at our big neighbor, India. We Pakistanis are in the best position to understand the psychology of India because we have spent 1,000 years on this subcontinent. We know how the Hindu mind works. India's ambitions are contrary to Pakistan's interests. Since 1947, we have not seen one moment when there was any possibility of peace between the two countries. India has attacked Pakistan three times. The agreement on the division of our subcontinent was accepted by Jawaharlal Nehru and Sardar Patel, but Indira Gandhi never acknowledged it. She was proud of the fact that the establishment of Bangladesh was a defeat for Pakistan. She took credit for it, being the prime minister of India. After her death, expecting anything different from her young son, Rajiv Gandhi, is out of the question. Pakistan is still a thorn in India's side. The world respects India's population, size, income and military and economic power. India's so-called democracy is also revered everywhere. India claims to be nonaligned, but when it comes to Islam, it follows its traditional philosophy. India does not view Pakistan with suspicion because Pakistan is superior to India in economy, politics or defense, but because this little country is a symbol of Islamic ideology and pride. It uses the name of religion in politics. The Hindus are cooperating with the Jews simply to undermine Islam. No one complains when India develops atomic weapons. Israel has the full support of the Western powers so it can destroy the Arab world. India is willing to be friends with the USSR, but it does not want any relations with Pakistan. Our proposals for friendship are gathering dust in its Foreign Ministry offices. It is clear that India is not ready or willing to sign a friendship agreement with us. Such an agreement is not possible until and unless both countries decide to be good neighbors. Until then, all talk is useless.

Pakistan has a strong desire to live in peace with India and not fight with it. It is necessary to cooperate in the areas of commerce, economy and culture. We try our best to open the way to friendly relations. This, however, does not mean that we will sell our soul just to please India. At present, both countries could benefit if they reduced the unnecessary expenses on defense and try to find peaceful solutions to our problems. The arms race is infinite and very dangerous. It always has been harmful and will continue to be harmful in the future. The welfare of both countries, especially of India's millions of backward poor, lies in peace between the two countries. We want the dawn that brings peace and harmony.

We cannot have this revolution in one day. Such a situation requires continuous effort and forbearance. Such decisions are not made by a handful of people but by the mutual atmosphere in both countries. Such a

peaceful mentality thrives only in an independent country and not in an undemocratic situation. We cannot expect a peaceful atmosphere when our people do not have faith in the government. National prudence is born out of a people's faith and not by wars or threats of war.

We have a military dictatorship, and its foreign policy does not reflect the country's true wishes. This policy is made by professional bureaucrats and soldiers, not by the people. It is decided by experienced and prudent persons, but it lacks public faith in it. This is one reason why our relations with India lack mutual trust. Despite a need for mutual cooperation, both countries are at dagger point. Small talk is distorted and insulting attacks on personalities are common. Be it a political leader or a party, all have the same mentality. God alone knows when there will be an effort toward peaceful arbitration.

Our eastern border is, of course, in danger. Things are no better on our western borders. Once the Soviet Union was a distant country. Since it has placed over 100,000 soldiers in Afghanistan, however, it appears to be camping right on our doorstep. No matter what people say, Afghanistan was never our friend. When the resolution to admit Pakistan into the United Nations was presented in 1947, Afghanistan was the only one to oppose it! Over the past 37 or 38 years, Afghanistan has never tried to be our friend. The Islamic point of view that we use now as an excuse to be friendly and helpful to Afghanistan did not exist before the crisis. We have nothing against the USSR and we are not strong enough to survive enmity with this superpower. It is beyond our resources and courage to tolerate danger on our western and eastern borders simultaneously. Thus, pursuit of a military solution to the Afghanistan problem is out of the question. Soviet planes intrude on our airspace daily and attack our borders, but we can do nothing about it. We have to find a political solution to this problem, like the rest of the world.

The Soviet Union had special reasons and goals for invading Afghanistan. Until those goals are realized, no threats or appeals can force the USSR out of Afghanistan. We do not have to oppose the USSR; that is the job of the Afghan people. So far, neither the Afghan mujahidin nor the Soviets have won the war.

We have old relations with Iran. These are religious, historical and cultural. These relations, however, were limited to the shah's person only. The leaders of both countries agreed to be friends but this feeling of congeniality was never felt by the people of the two countries. The personal friendship with the shah ended at his death. We have not yet succeeded in reestablishing those relations with his son.

We are nonaligned in the Iran-Iraq war. We hope that somehow they will become friends, but Iran has never trusted us and Imam Khomeyni never encouraged our friendship.

In any case, we see no danger from Iran and there are no problems on our common border. There has been an atmosphere of respect for Iran for a long time. We can build a beautiful friendship based on this feeling. It includes all the necessary ingredients: religion, literature, language, culture, history and commerce.

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